

# SCHEDULE A

## FINAL ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF MADIBENG LOCAL MUNICIPALITY



FINAL ANNUAL BUDGET OF

# **MADIBENG LOCAL MUNICIPALITY**



2019/20 TO 2021/22

## **FINAL MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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- In the foyers of all municipal buildings
- All public libraries within the municipality
  - At [www.treasury.gov.za](http://www.treasury.gov.za)

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

## Part 1 – Annual Budget

### 1.1 Mayor's Report

Honourable Speaker of Council-Clr. K Ntshabele, Honourable Single Whip of Council- Clr. P Makgabo

Honourable Chairperson of Municipal Public Accounts-Clr.D Diale  
Members of the Mayoral Committee, Magosi a Rona, The Acting Accounting Officer Mrs. Grace Magole, Acting Chief Finance Officer - Mr. J Motaung

Directors and Managers, Entire Officials of the Municipality, Representative Workers Unions  
Our Mass Democratic Movement Structures, Business Community and its Representation  
Baagi ba ba tlhomphegileng ba Madibeng, Representatives from the media, All protocol observed

Honourable Speaker

The proposed budget of Madibeng Local municipality for the 2019/20 financial year totals R 2.7 billion, comprising of R 2.4 billion Operating Expenditure and R 281.7 million for Capital expenditure. The total budget remains at 2.7billion when compared with the 2018/19 Adjustment Budget and increased by R 34.9 million or 1% compared with the 2018/19 Approved Budget.

**TABLE 2: CONSOLIDATED OVERVIEW OF THE 2018/2019-2021/2022 BUDGET**

Description	Approved Budget 2018/2019	Adjustment Budget 2018/2019	Budget Year 2019/2020	Budget Year +1 2020/2021	Budget Year +2 2021/2022
	R0,00	R0,00	R0,00	R0,00	R0,00
Operating Revenue	1 790 000	1 790 916	1 829 055	1 983 332	2 133 153
Operating Expenditure	2 385 364	2 386 280	2 423 738	2 499 093	2 572 295
<b>Surplus/(Deficit)</b>	-595 364	-595 364	-594 683	-515 761	-439 142
Capital Expenditure	285 258	314 227	281 797	298 503	322 538
<b>TOTAL BUDGET</b>	<b>2 670 622</b>	<b>2 700 507</b>	<b>2 705 535</b>	<b>2 797 596</b>	<b>2 894 833</b>

The Municipality has budgeted for a deficit of R -594.6m, but after taking into account the non-cash expenditure items like depreciation and provision for bad debts, if this items are removed the budget is on surplus of R170.3 million and it be noted that the deficit is being gradually phased out over a number of years and the Municipality anticipate to budget for surplus within the next five financial years.

Financial management reforms emphasises the importance of municipal budgets being funded. Considering the requirements of section 18 of the MFMA, it can be concluded that the 2019/20 MTREF is not funded owing to the significant deficit.

The 2019/20 budget is constrained by the historical inadequate budgeting.

- Lower customer payment rate contribute in resources constrains.
- The Municipality is experiencing higher water and electricity losses from the illegal use of Municipal Services.
- Debt collections remains a problem in townships and villages. The Municipality require customer payments in order to provide adequate level of services.
- The 2019/20 budget has focused mainly on repairs and maintenance and water services in order to boost customer confidence.

As part of the reduction of the deficit the municipality is:

- Planning to take over the service of house waste removal from out sourced service providers and employ enough staff to carry the service ourselves.
- Cost of electricity study that will enable the municipality to charge cost reflective tariff
- To seek intervention with regard to completion of brits purification plant so that consistent supply of water can be achieved and community can pay for water use.
- Implement cost containment policy by ensuring that only service delivery items are prioritised.

I recommend that the Council approves and adopts the following resolutions:

## **1.2 FINAL COUNCIL RESOLUTIONS**

See attached Report

## **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circulars No. 28, 42, 51, 54, 55, 58, 59, 66, 67, 70, 71, 72, 74, 75, 78, 79, 85, 86, 89, 91, 93, 94 and budget related regulation no 32141 of 17 April 2009 and Chapter 4, 7 etc. of the MFMA were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water, city of Tshwane and Eskom), which is placing upward pressure on service tariffs to



- residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
  - Challenges in implementing capital projects – original grant allocation has been reduced by R 60m and the expenditure associated with prior year's capital projects needed to be factored into the budget as part of the 2019/20 MTREF process; and

The following budget principles and guidelines directly informed the compilation of the 2019/20MTREF:

- The 2018/19 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2019/20 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2019/20MTREF**

	<b>Approved Budget 2018/2019</b>	<b>Adjustment Budget 2018/2019</b>	<b>Budget Year 1 2019/2020</b>	<b>Budget Year +1 2020/2021</b>	<b>Budget Year +2 2021/2022</b>
	R0,00	R0,00	R0,00	R0,00	R0,00
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The proposed budget of Madibeng Local municipality for the 2019/20 financial year totals R 2.7 billion, comprising of R 2.4 billion Operating Expenditure and R 281.7 million for Capital expenditure. The total budget remains at 2.7billion when compared with the 2018/19 Adjustment Budget and by R 34.9 million or 1% compared with the 2018/19 Approved Budget.

## 1.4 Operating Revenue Framework

For Madibeng Local Municipality to continue improving the quality of services provided to its communities it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

NW372 Madibeng - Table A4 Budgeted Financial Performance (revenue and expenditure)

Table A1 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	292 796	296 046	258 006	320 131	320 131	320 131	156 032	270 000	285 000	300 390
Service charges - electricity revenue	2	450 535	447 788	433 878	457 937	457 937	457 937	311 948	475 000	500 650	527 627
Service charges - water revenue	2	125 247	148 307	116 764	152 811	152 811	152 811	111 271	161 600	170 254	179 411
Service charges - sanitation revenue	2	29 662	41 724	44 750	49 140	49 140	49 140	33 798	52 275	55 097	58 072
Service charges - refuse revenue	2	31 443	33 569	65 366	53 000	53 000	53 000	36 042	53 000	55 862	58 878
Rental of facilities and equipment		1 020	1 243	1 408	70	70	70	621	1 386	1 461	1 540
Interest earned - external investments		7 717	4 515	7 030	6 400	6 400	6 400	1 683	6 732	7 090	7 470
Interest earned - outstanding debtors		60 939	95 140	83 818	86 800	86 800	86 800	58 103	91 112	96 032	101 216
Dividends received		-	-	48	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 900	2 992	4 998	1 001	1 001	1 001	93	1 001	1 055	1 112
Licences and permits		5 923	6 229	6 121	2 200	2 200	2 200	75	2 127	2 241	2 362
Agency services		10 274	11 456	12 253	9 000	9 000	9 000	-	12 000	12 648	13 000
Transfers and subsidies		442 428	506 007	780 488	627 887	628 803	628 803	472 215	699 244	772 980	857 859
Other revenue	2	12 773	49 854	39 459	7 644	7 644	7 644	2 427	3 579	3 762	3 960
Gains on disposal of PPE		4 426	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 478 083	1 644 870	1 854 386	1 774 020	1 774 936	1 774 936	1 184 309	1 829 055	1 964 132	2 112 897

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. In the 2018/19 financial year, revenue from rates and services charges totaled R1.033 billion or 58 per cent. This decreases to R1.011 billion, R1.066 billion and R1.124 billion in the respective financial years of the MTREF.

The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Property rates is the third largest revenue source totaling 15 per cent or R270 million rand and increases to R285 million by 2020/21. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R699.2 million in the 2019/20 financial year and steadily increases to R772.9 billion by 2020/21. Note that the year-on-year growth for the 2019/20 financial year is 11 per cent and then remains 11 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 3 Operating Transfers and Grant Receipts**

Description	Approved Budget 2018/2019	Adjusted Budget 2018/2019	Budget Year 2019/2020	Budget Year +1 2020/2021	Budget Year +2 2021/2022
	R'000	R'000	R'000	R'000	R'000
Equitable Share	624 943	624 943	695 606	770 313	854 928
Financial Management Grant	1 770	1 770	2 235	2 667	2 931
Expanded Public Works Programme	1 174	1 174	1 403	–	–
Library Grant	–	916	–	–	–
<b>Total Operating Grants</b>	<b>627 887</b>	<b>628 803</b>	<b>699 244</b>	<b>772 980</b>	<b>857 859</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Rand Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year based on a 5.6 per cent increase from 1 July 2019 is contained below:

**Table 4 Comparison of proposed rates to levied for the 2019/20 financial year**

Category	Current Tariff (1 July 2018)	Proposed tariff (from 1 July 2019)
	<b>C</b>	<b>C</b>
Residential properties	0,007715	0,007715
State owned properties	0,017375	0,019112
Business & Commercial	0,011033	0,011033
Agricultural	0,001929	0,001929
Vacant land	0,015182	0,015971
Industrial	0,011033	0,011033
Non-permitted use	0,055886	0,061475
Public benefit organisation properties	100%	100%

#### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Rand Water has increased its bulk tariffs with **7.9 per cent** from 1 July 2019.

A tariff increase of 5.6 per cent from 1 July 2019 for water is proposed and 6 kℓ water per 30-day period will be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 5 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 01-Jul-18	PROPOSED TARIFFS 01-Jul-19
	Rand per kℓ	Rand per kℓ
<b>RESIDENTIAL</b>		
0 – 6 kl per month	10.37	10.91
Above 6 – 10 kl per month	13.15	13.84
Above 10 – 15 kl per month	18.42	19.37
Above 15 – 20 kl per month	19.54	20.56
Above 20 – 30 kl per month	21.8	22.93
Above 30 – 40 kl per month	22.93	24.12

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling house:

**Table 6 Comparison between current water charges and increases (Domestic)**

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
20	436	458.6	22.6	5,2%
30	687.9	723.6	35.7	5,2%

#### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA had not announced the revised bulk electricity pricing structure. The municipality in line with CPI guide proposed a 5.2 percent increase.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs charges for domestic customers:

**Table 7 Comparison between current electricity charges and increases (Domestic)**

Description	Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
<b>Service Charge</b>		113,10	127.88	14.78	13.07%
<b>Single phase</b>					
1 x 10 A	<b>100</b>	138,50	156.60	18.10	13.07%
1 x 15 A	<b>100</b>	207,75	234.90	27.15	13.07%
<b>THREE PHASE</b>					
3 x 20 A	<b>100</b>	958,20	1083.44	125.24	13.07%
3 x 30 A	<b>100</b>	1 437,30	1625.16	187.86	13.07%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capital Municipality and the impact on service delivery and development remains a challenge for the Municipality. The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

#### **1.4.4 Sanitation and Impact of Tariff Increases**

A tariff increase of 5.2 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation (100 per cent of 6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R52.2 million for the 2019/20 financial year.

The following table compares the current and proposed tariffs:

**Table 8 Comparison between current sanitation charges and increases**

CATEGORY	CURRENT TARIFFS	PROPOSED TARIFFS
	01-Jul-18	01-Jul-19
	Rand per kℓ	Rand per kℓ
<b>RESIDENTIAL</b>		
0 – 6 kl per month	4,1	4,3
Above 6 – 10 kl per month	4,8	5,0
Above 10 – 15 kl per month	5,7	6,0
Above 15 – 20 kl per month	6,7	7,0
Above 20 – 30 kl per month	7,9	8,3
Above 30 – 40 kl per month	9,3	9,8

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

**Table 9 Comparison between current sanitation charges and increases, single dwelling-houses**

Monthly sanitation consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (5,2% increase) R
5	20,5	21,6	1,1
10	48,0	50,5	2,5
20	134,0	141,0	7,0
30	237,0	249,3	12,3
40	372,0	391,3	19,3

#### 1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributor to this deficit is contracted services and the cost of remuneration. Considering the deficit, it is recommended that the service to be insourced and the plan is that when contracts of waste removal contractors end, we do not renew but deploy our own staff.

A 5.2 per cent increase in the waste removal tariff is proposed from 1 July 2019. Higher increases will not be viable in 2019/20. Any increase higher than 5.2 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2011:



**Table 10 Comparison between current waste removal fees and increases**

Description	Monthly consumption kWh	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
RESIDENTIAL PROPERTIES	Refuse service charge (240 L bin)	109,81	115,52	5,71	5,2%
PRIVATE DEVELOPED RESIDENTIAL	Refuse service charge per number of dwellings/flats	89,54	94,20	4,66	5,2%
PENSIONERS	Refuse service charge (240 L bin)	54,90	57,75	2,85	5,2%

**1.4.6 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

**Table 11 MBRR Table SA14 – Household bills**

NW372 Madibeng - Supporting Table SA14 Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
Rates and services charges:											
Property rates		476,26	501,52	440,40	463,74	463,74	463,74	5,2%	487,86	514,20	541,97
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		1 214,40	1 278,80	1 310,75	1 399,88	1 399,88	1 399,88	5,2%	1 472,67	1 552,19	1 636,01
Water: Basic levy		32,50	34,22	36,86	38,82	38,82	38,82	5,2%	40,83	43,04	45,36
Water: Consumption		264,00	278,00	299,44	315,31	315,31	315,31	5,2%	331,70	349,61	368,49
Sanitation		243,66	256,58	276,37	291,01	291,01	291,01	5,2%	306,15	322,68	340,10
Refuse removal		78,25	82,40	88,75	93,46	93,46	93,46	5,2%	98,32	103,63	109,22
Other		-	-	-	-	-	-	-	-	-	-
sub-total		2 309,07	2 431,52	2 452,56	2 602,21	2 602,21	2 602,21	5,2%	2 737,52	2 885,35	3 041,16
VAT on Services		323,27	340,41	343,36	390,33	390,33	390,33	5,2%	410,63	432,80	456,17
Total large household bill:		2 632,34	2 771,93	2 795,92	2 992,54	2 992,54	2 992,54	5,2%	3 148,15	3 318,15	3 497,33
% increase/-decrease			5,3%	0,9%	7,0%	-	-	5,2%	5,4%	5,4%	5,4%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
Rates and services charges:											
Property rates		9,30	58,25	183,24	192,95	192,95	192,95	5,2%	202,98	213,94	225,49
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		73,92	160,00	79,78	85,21	85,21	85,21	5,2%	89,64	94,48	99,58
Water: Basic levy		32,50	34,22	36,86	38,82	38,82	38,82	5,2%	40,83	43,04	45,36
Water: Consumption		79,20	83,40	89,83	94,59	94,59	94,59	5,2%	99,51	104,88	110,55
Sanitation		111,24	117,14	126,17	132,86	132,86	132,86	5,2%	139,77	147,31	155,27
Refuse removal		78,25	82,40	88,75	93,46	93,46	93,46	5,2%	98,32	103,63	109,22
Other		-	-	-	-	-	-	-	-	-	-
sub-total		384,41	535,41	604,64	637,88	637,88	637,88	5,2%	671,05	707,29	745,48
VAT on Services		53,82	74,96	84,65	95,68	95,68	95,68	5,2%	100,66	106,09	111,82
Total small household bill:		438,23	610,37	689,29	733,56	733,56	733,56	5,2%	771,71	813,38	857,30
% increase/-decrease			39,3%	12,9%	6,4%	-	-	5,2%	5,4%	5,4%	5,4%
<b>Monthly Account for Household - 'Indigent'</b>	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		9,30	9,79	9,30	9,79	9,79	9,79	5,2%	10,30	10,86	11,44
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		73,92	77,84	79,78	85,21	85,21	85,21	5,2%	89,64	94,48	99,58
Water: Basic levy		32,50	34,22	36,86	38,82	38,82	38,82	5,2%	40,83	43,04	45,36
Water: Consumption		79,20	83,40	89,83	94,59	94,59	94,59	5,2%	99,51	104,88	110,55
Sanitation		111,24	117,14	126,17	132,86	132,86	132,86	5,2%	139,77	147,31	155,27
Refuse removal		78,25	82,40	88,75	93,46	93,46	93,46	5,2%	98,32	103,63	109,22
Other		-	-	-	-	-	-	-	-	-	-
sub-total		384,41	404,79	430,70	454,73	454,73	454,73	5,2%	478,37	504,20	531,43
VAT on Services		73,33	95,69	60,30	68,21	68,21	68,21	5,2%	71,76	75,63	79,71
Total small household bill:		457,74	500,48	491,00	522,93	522,93	522,93	5,2%	550,13	579,83	611,14
% increase/-decrease			9,3%	(1,9%)	6,5%	-	-	5,2%	5,4%	5,4%	5,4%

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan, no funding allocation can be made.

The following table is a high-level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

**Table 12 Summary of operating expenditure by standard classification item**

R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Expenditure By Type</b>											
Employee related costs	2	358 844	392 302	425 241	390 960	401 264	401 264	301 409	470 000	498 656	524 321
Remuneration of councillors		23 727	25 456	30 531	32 370	32 370	32 370	19 774	33 242	35 037	36 929
Debt impairment	3	228 753	157 979	(128 998)	280 000	280 000	280 000	80 898	275 000	235 000	190 000
Depreciation & asset impairment	2	483 686	458 952	474 336	552 750	552 750	552 750	637	490 000	516 460	544 349
Finance charges		115 680	131 937	160 510	110 500	110 500	110 500	94 705	140 501	148 088	156 085
Bulk purchases	2	472 484	452 876	505 968	550 000	535 000	535 000	383 932	560 000	590 240	622 113
Other materials	8	112 585	121 177	23 119	26 541	26 076	26 076	13 382	26 320	27 741	29 239
Contracted services		129 644	259 308	189 535	271 888	247 928	247 928	128 566	235 075	243 959	254 485
Transfers and subsidies		22 610	20 879	2 343	4 000	4 051	4 051	4 051	4 500	4 600	4 700
Other expenditure	4, 5	197 585	248 129	482 314	166 355	200 565	200 565	105 077	189 101	199 312	210 075
Loss on disposal of PPE		132 128	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>2 277 726</b>	<b>2 268 996</b>	<b>2 164 899</b>	<b>2 385 364</b>	<b>2 390 503</b>	<b>2 390 503</b>	<b>1 132 433</b>	<b>2 423 738</b>	<b>2 499 093</b>	<b>2 572 295</b>
<b>Surplus/(Deficit)</b>		<b>(799 643)</b>	<b>(624 126)</b>	<b>(310 513)</b>	<b>(611 345)</b>	<b>(615 568)</b>	<b>(615 568)</b>	<b>51 876</b>	<b>(594 683)</b>	<b>(534 962)</b>	<b>(459 397)</b>

The budgeted allocation for employee related costs for the 2019/20 financial year totals R470 million, which equals 19 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.7 per cent for the 2019/20 financial year. Expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 75 per cent and the Debt Write-off Policy of the Municipality. For the 2019/20 financial year this amount equates to R275 million and decrease to R235 million by 2020/21. While this expenditure is

considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

The Municipality's Asset Management Policy has informed provision for depreciation and asset impairment. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R490 million for the 2019/20 financial and equates to 20 per cent of the total operating expenditure.

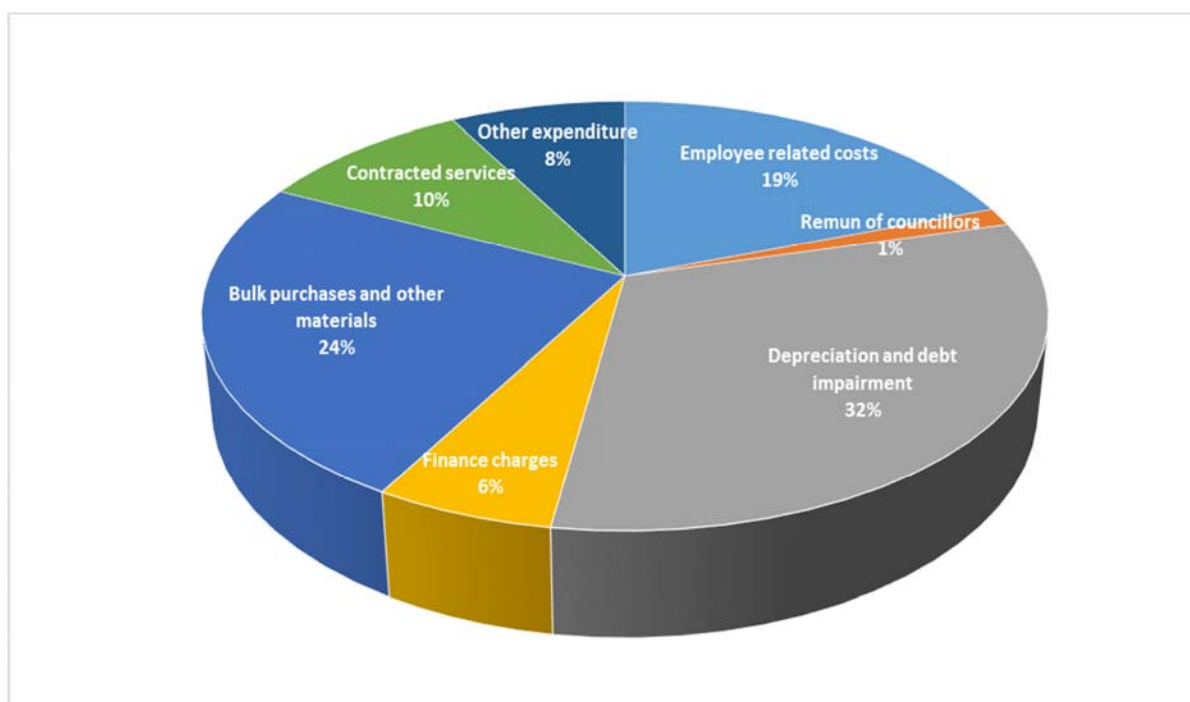
Finance charges consist primarily of the repayment of interest on long-term borrowing. Finance charges make up 6 per cent (R140.5 million) of operating expenditure excluding annual redemption for 2019/20 and increases to R148 million by 2020/21.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water and City of Tshwane. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

As part of the compilation of the 2019/20 MTREF contracted services expenditure was critically evaluated and operational efficiencies were enforced. In the 2019/20 financial year, this expenditure totals R235 million and make up 10 per cent of operating expenditure For the two outer years growth has been limited to 5.3 and 5.6 per cent. As part of the process of identifying further cost efficiencies, alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has been identified as an area in which cost savings and efficiencies can be achieved. It has decreased by 5 per cent for 2019/20 and the growth has been curbed at 4 per cent for the two outer years, indicating that significant cost savings have been already realised.

The following table gives a breakdown of the main expenditure categories for the 2019/20 financial year.

**Figure 1 Main operational expenditure categories for the 2019/20 financial year**

### 1.5.1 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 5 000 or more indigent households during the 2019/20 financial year, a process reviewed annually. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 13 2019/20 Medium-term capital budget per vote**

Vote Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote 01 - Executive Council	1	-	-	86	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	28	28	28	-	-	-
Vote 04 - Corporate Support Services		-	-	3 652	-	28 084	28 084	24 244	-	-	-
Vote 05 - Budget And Treasury Office		1 585	1 065	228	-	767	767	669	-	-	-
Vote 06 - Infrastructure And Technical Services		258 844	216 850	192 380	275 758	275 794	275 794	116 508	281 797	317 703	342 794
Vote 07 - Community Services		2 730	15 251	2 447	9 500	9 500	9 500	409	-	-	-
Vote 08 - Human Settlement		-	-	1 486	-	-	-	-	-	-	-
Vote 09 - Economic Dev, Tourism & Agriculture		-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety, Fleet And Facilities Managem		25 841	19 449	16 437	-	313	313	117	-	-	-
Vote 11 - Internal Audit		-	-	10	-	51	51	51	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		289 000	252 614	216 725	285 258	314 537	314 537	142 026	281 797	317 703	342 794

For 2019/20 an amount of R281.7 million has been appropriated for the development of infrastructure. In the outer years this amount totals R31707 million, and R34207 million, respectively for each of the financial years.

**Figure 2 Capital Infrastructure Programme**

DESCRIPTION	WARDS	PROPOSED BUDGET 2019/20	BUDGET 2020/21	BUDGET 2021/22	Funding Source
KLIPGAT EXTENTION WATER SUPPLY	24,8,36,37	R 40 000 000.00	R 30 000 000.00	R 35 000 000.00	MIG
HEBRON/ KGABALATSANE/ ROCKVILLE/ITSOSENG/ WATER	10,15,16,41	R 56 200 000.00	R 35 000 000.00	R 45 000 000.00	MIG
HEBRON TO MADIDI BULK WATER PIPELINE ( bulk water supply from BWTW to Hebron rese	3	R 29 600 000.00	R 30 000 000.00	R 40 000 000.00	MIG
INDUSTRIAL SEWER DE KROON	21	R 1 200 000.00			MIG
KLIPGAT SANITATION PROJECT	24,8,36,37	R 48 810 000.00	R 40 000 000.00	R 40 000 000.00	MIG
WARD 1 VIP TOILETS	1		R 12 000 000.00	R 15 000 000.00	MIG
UPGRADING OF MOTHOTLUNG OUTFALL SEWER	20		R 10 000 000.00	R 12 000 000.00	MIG
UPGRADING OF OUKASIE OUTFALL SEWER	13;14;22,		R 11 000 000.00	R 11 000 000.00	MIG
WATER SUPPLY AUGMENTATION: BOREHOLES	1,2,25,26,27,29,34		R 15 000 000.00	R 15 000 000.00	MIG
HIGH MASS LIGHT ENERGISING	10,15,16,41	R 2 697 150.00	R 2 577 850.00	R 2 411 100.00	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 1 (	7,25,28,31	R 10 000 000.00	R 13 000 000.00	R 12 000 000.00	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 2	17,18,19,20,21,35	R 10 000 000.00	R 12 000 000.00	R 12 000 000.00	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 3	10,15,16,41	R 10 000 000.00	R 12 000 000.00	R 12 000 000.00	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 4	3,8,24,36,37	R 10 000 000.00	R 12 000 000.00	R 12 000 000.00	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 5	9,11,12,38	R 10 000 000.00	R 13 000 000.00	R 12 000 000.00	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 6	1,2	R 10 000 000.00	R 12 000 000.00	R 12 000 000.00	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 7	4,5,6,34	R 10 000 000.00	R 12 000 000.00	R 12 000 000.00	MIG
UPGRADING OF INTERNAL ROADS OF CLUSTER 8	17,18,19	R 10 000 000.00	R 12 000 000.00	R 7 000 000.00	MIG
MABOLOKA SPORTS FACILITY	4,5,6	R 9 200 000.00			MIG
PMU OPERATIONS AND MANAGEMENT		R 14 089 850.00	R 14 925 150.00	R 16 126 900.00	MIG
<b>TOTAL MIG</b>		<b>R 281 797 000.00</b>	<b>R 298 503 000.00</b>	<b>R 322 538 000.00</b>	<b>MIG</b>
REFURBISHMENT OF LETLHABILE A SUBSTATION	13;21;22,39		R 19 200 000.00	R 20 256 000.00	INEP
<b>TOTAL</b>		<b>R 281 797 000.00</b>	<b>R 317 703 000.00</b>	<b>R 342 794 000.00</b>	

## 1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 14 MBRR Table A1 - Budget Summary**

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	292 796	296 046	258 006	320 131	320 131	320 131	156 032	270 000	285 000	300 390
Service charges	636 887	671 388	660 758	712 887	712 887	712 887	493 058	741 875	781 863	823 988
Investment revenue	7 717	4 515	7 030	6 400	6 400	6 400	1 683	6 732	7 090	7 470
Transfers recognised - operational	442 428	506 007	780 488	627 887	628 803	628 803	472 215	699 244	772 980	857 859
Other own revenue	98 255	166 914	148 105	106 715	106 715	106 715	61 320	111 204	117 199	123 190
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 478 083</b>	<b>1 644 870</b>	<b>1 854 386</b>	<b>1 774 020</b>	<b>1 774 936</b>	<b>1 774 936</b>	<b>1 184 309</b>	<b>1 829 055</b>	<b>1 964 132</b>	<b>2 112 897</b>
Employee costs	358 844	392 302	425 241	390 960	401 264	401 264	301 409	470 000	498 656	524 321
Remuneration of councillors	23 727	25 456	30 531	32 370	32 370	32 370	19 774	33 242	35 037	36 929
Depreciation & asset impairment	483 686	458 952	474 336	552 750	552 750	552 750	637	490 000	516 460	544 349
Finance charges	115 680	131 937	160 510	110 500	110 500	110 500	94 705	140 501	148 088	156 085
Materials and bulk purchases	585 069	574 053	529 087	576 541	561 076	561 076	397 314	586 320	617 981	651 352
Transfers and grants	22 610	20 879	2 343	4 000	4 051	4 051	4 051	4 500	4 600	4 700
Other expenditure	688 110	665 417	542 851	718 243	728 492	728 492	314 541	699 176	678 271	654 560
<b>Total Expenditure</b>	<b>2 277 726</b>	<b>2 268 996</b>	<b>2 164 899</b>	<b>2 385 364</b>	<b>2 390 503</b>	<b>2 390 503</b>	<b>1 132 433</b>	<b>2 423 738</b>	<b>2 499 093</b>	<b>2 572 295</b>
<b>Surplus/(Deficit)</b>	<b>(799 643)</b>	<b>(624 126)</b>	<b>(310 513)</b>	<b>(611 345)</b>	<b>(615 568)</b>	<b>(615 568)</b>	<b>51 876</b>	<b>(594 683)</b>	<b>(534 962)</b>	<b>(459 397)</b>
Transfers and subsidies - capital (monetary allocations) (Net)	296 832	260 211	-	285 258	285 258	285 258	285 258	281 797	317 703	342 794
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(502 811)</b>	<b>(363 915)</b>	<b>(310 513)</b>	<b>(326 087)</b>	<b>(330 310)</b>	<b>(330 310)</b>	<b>337 134</b>	<b>(312 886)</b>	<b>(217 259)</b>	<b>(116 603)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(502 811)</b>	<b>(363 915)</b>	<b>(310 513)</b>	<b>(326 087)</b>	<b>(330 310)</b>	<b>(330 310)</b>	<b>337 134</b>	<b>(312 886)</b>	<b>(217 259)</b>	<b>(116 603)</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	289 000	252 614	216 725	285 258	314 537	314 537	142 026	281 797	317 703	342 794
Transfers recognised - capital	283 205	232 101	186 967	285 258	285 258	285 258	116 910	281 797	317 703	342 794
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	5 796	20 513	29 758	-	29 279	29 279	25 116	-	-	-
<b>Total sources of capital funds</b>	<b>289 000</b>	<b>252 614</b>	<b>216 725</b>	<b>285 258</b>	<b>314 537</b>	<b>314 537</b>	<b>142 026</b>	<b>281 797</b>	<b>317 703</b>	<b>342 794</b>
<b>Financial position</b>										
Total current assets	398 955	562 855	768 629	498 183	498 183	498 183	2 512 631	893 505	1 000 857	1 161 494
Total non current assets	6 394 782	6 108 221	5 699 728	6 395 937	6 425 217	6 425 217	5 842 164	6 230 963	6 553 716	6 901 560
Total current liabilities	522 797	705 284	598 650	270 095	270 095	270 095	1 822 681	726 655	642 742	559 629
Total non current liabilities	1 057 948	1 192 091	1 407 119	1 074 060	1 074 060	1 074 060	1 258 493	1 379 342	1 450 137	1 519 688
Community wealth/Equity	5 212 992	4 773 701	4 462 588	5 549 966	5 579 245	5 579 245	5 273 620	5 018 472	5 461 694	5 983 738
<b>Cash flows</b>										
Net cash from (used) operating	297 077	106 908	92 635	350 358	341 206	381 206	113 521	316 869	406 566	477 432
Net cash from (used) investing	(289 187)	(252 563)	(215 083)	(301 005)	(311 487)	(311 487)	(83 914)	(281 797)	(317 703)	(342 794)
Net cash from (used) financing	2 307	109 856	122 774	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>69 155</b>	<b>33 357</b>	<b>33 692</b>	<b>20 118</b>	<b>30 203</b>	<b>70 203</b>	<b>30 091</b>	<b>63 994</b>	<b>152 857</b>	<b>287 494</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	85 257	46 151	46 730	70 665	70 665	70 665	(158 562)	76 794	165 707	300 394
Application of cash and investments	419 287	556 754	(56 914)	(40 421)	(54 024)	(69 139)	(1 593 131)	(11 831)	(116 323)	(212 681)
<b>Balance - surplus (shortfall)</b>	<b>(334 030)</b>	<b>(510 603)</b>	<b>103 644</b>	<b>111 085</b>	<b>124 688</b>	<b>139 803</b>	<b>1 434 569</b>	<b>88 625</b>	<b>282 029</b>	<b>513 075</b>
<b>Asset management</b>										
Asset register summary (WDV)	6 086 568	5 778 180	5 148 122	6 382 248	6 411 218	6 411 218	6 411 218	6 218 163	6 540 866	6 888 660
Depreciation	483 686	458 952	474 336	552 750	552 750	552 750	552 750	490 000	516 460	544 349
Renewal and Upgrading of Existing Assets	-	-	104 089	130 758	130 758	130 758	130 758	-	-	-
Repairs and Maintenance	112 585	122 069	96 818	92 793	93 383	93 383	93 383	87 710	92 446	97 438
<b>Free services</b>										
Cost of Free Basic Services provided	11 120	10 778	10 436	22 785	22 785	22 785	20 229	20 229	21 321	22 473
Revenue cost of free services provided	24 887	-	51 248	32 813	32 813	32 813	113 438	113 438	119 564	126 020
<b>Households below minimum service level</b>										
Water:	89	81	103	106	106	106	112	112	118	124
Sanitation/sewerage:	59	62	81	82	82	82	86	86	91	95
Energy:	163	170	176	186	186	186	195	195	206	217
Refuse:	383	399	420	453	453	453	476	476	502	529



**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		801 056	911 673	883 629	982 404	982 404	982 404	1 017 263	1 110 064	1 213 142
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		801 056	911 673	883 629	982 404	982 404	982 404	1 017 263	1 110 064	1 213 142
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		24 455	11 819	5 378	2 414	3 330	3 330	2 353	2 480	2 614
Community and social services		963	2 307	5 068	1 333	2 249	2 249	1 292	1 362	1 436
Sport and recreation		171	202	186	71	71	71	60	63	66
Public safety		20 618	9 310	123	1 010	1 010	1 010	1 001	1 055	1 112
Housing		2 703	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		60	263 283	223 322	297 632	297 632	297 632	300 070	335 474	361 188
Planning and development		-	250 281	199 950	286 632	286 632	286 632	286 070	320 718	345 967
Road transport		60	13 001	23 372	11 000	11 000	11 000	14 000	14 756	15 222
Environmental protection		-	2	-	-	-	-	-	-	-
<i>Trading services</i>		714 838	718 305	742 057	776 768	776 768	776 768	791 084	833 729	878 654
Energy sources		485 352	487 418	459 581	487 317	487 317	487 317	487 467	513 791	541 477
Water management		167 740	149 884	163 445	172 811	172 811	172 811	183 938	193 799	204 227
Waste water management		29 675	41 844	49 382	57 140	57 140	57 140	59 891	63 124	66 533
Waste management		32 070	39 160	69 650	59 500	59 500	59 500	59 787	63 015	66 417
<i>Other</i>	4	234 506	-	-	60	60	60	83	87	92
<b>Total Revenue - Functional</b>	2	1 774 915	1 905 081	1 854 386	2 059 278	2 060 194	2 060 194	2 110 852	2 281 835	2 455 691
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		1 262 400	1 241 368	719 239	1 356 946	1 377 200	1 377 200	1 354 025	1 373 970	1 390 326
Executive and council		71 656	85 245	80 765	85 536	85 081	85 081	90 029	95 388	100 539
Finance and administration		1 190 744	1 156 123	630 708	1 261 003	1 281 712	1 281 712	1 254 076	1 268 021	1 278 656
Internal audit		-	-	7 766	10 407	10 407	10 407	9 920	10 561	11 132
<i>Community and public safety</i>		211 596	178 738	133 077	105 757	108 505	108 505	137 815	146 788	154 714
Community and social services		34 869	27 959	37 593	28 103	29 506	29 506	28 862	30 671	32 327
Sport and recreation		10 254	16 116	14 821	15 881	15 776	15 776	22 382	23 823	25 110
Public safety		138 248	128 910	70 547	58 220	59 570	59 570	74 357	79 274	83 555
Housing		22 341	-	3 983	2 498	2 598	2 598	4 937	5 260	5 544
Health		5 884	5 753	6 134	1 054	1 054	1 054	7 277	7 759	8 178
<i>Economic and environmental services</i>		25 344	107 464	471 314	103 631	103 590	103 590	109 910	116 819	123 128
Planning and development		-	26 868	47 968	40 327	40 266	40 266	45 165	48 096	50 693
Road transport		24 204	72 920	422 652	62 438	62 458	62 458	64 023	67 953	71 622
Environmental protection		1 140	7 676	694	866	866	866	722	770	812
<i>Trading services</i>		765 759	739 018	838 971	816 118	798 296	798 296	818 994	858 333	900 771
Energy sources		454 898	435 864	491 382	512 340	502 340	502 340	501 522	528 256	556 701
Water management		209 064	200 303	248 808	198 199	194 899	194 899	225 344	236 691	248 570
Waste water management		28 026	33 010	30 852	35 243	36 243	36 243	35 140	36 685	38 585
Waste management		73 771	69 840	67 929	70 336	64 815	64 815	56 988	56 701	56 915
<i>Other</i>	4	12 627	2 408	2 297	2 913	2 913	2 913	2 994	3 183	3 355
<b>Total Expenditure - Functional</b>	3	2 277 726	2 268 996	2 164 899	2 385 364	2 390 503	2 390 503	2 423 738	2 499 093	2 572 295
<b>Surplus/(Deficit) for the year</b>		(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	(312 886)	(217 259)	(116 603)

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

**Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Support Services		24	24	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		802 377	910 104	938 132	1 267 662	1 267 662	1 267 662	1 299 060	1 427 767	1 555 936
Vote 06 - Infrastructure And Technical Services		681 660	692 146	833 078	717 268	717 268	717 268	731 297	770 714	812 237
Vote 07 - Community Services		33 033	41 670	55 483	60 904	61 820	61 820	61 139	64 440	67 919
Vote 08 - Human Settlement		2 703	-	1 461	-	-	-	2 743	2 881	3 032
Vote 09 - Economic Dev, Tourism & Agriculture		234 506	251 826	2 666	1 374	1 374	1 374	1 530	133	141
Vote 10 - Public Safety, Fleet And Facilities Management		20 612	9 310	23 565	12 070	12 070	12 070	15 084	15 899	16 426
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 774 915	1 905 081	1 854 386	2 059 278	2 060 194	2 060 194	2 110 852	2 281 835	2 455 691
Expenditure by Vote to be appropriated	1									
Vote 01 - Executive Council		48 762	85 245	59 301	65 264	64 664	64 664	68 700	72 680	76 605
Vote 02 - Municipal Manager		7 139	-	6 028	4 880	4 880	4 880	4 173	4 424	4 662
Vote 03 - Chief Operating Officer		15 755	-	17 923	20 022	19 012	19 012	23 505	25 012	26 363
Vote 04 - Corporate Support Services		90 834	123 928	57 693	95 064	78 645	78 645	80 326	84 775	89 204
Vote 05 - Budget And Treasury Office		1 053 765	1 032 195	391 990	1 043 797	1 050 471	1 050 471	1 018 405	1 019 337	1 016 691
Vote 06 - Infrastructure And Technical Services		762 338	742 098	1 182 722	797 207	784 877	784 877	807 244	849 579	894 393
Vote 07 - Community Services		103 263	127 344	140 301	130 236	125 963	125 963	129 487	133 834	138 214
Vote 08 - Human Settlement		22 341	-	25 691	14 915	15 004	15 004	28 217	30 054	31 677
Vote 09 - Economic Dev, Tourism & Agriculture		12 627	29 276	13 248	13 986	13 986	13 986	14 373	15 289	16 114
Vote 10 - Public Safety, Fleet And Facilities Management		160 903	128 910	262 238	187 623	220 656	220 656	239 262	253 415	267 099
Vote 11 - Internal Audit		-	-	7 766	10 407	10 407	10 407	9 920	10 561	11 132
Vote 12 - Risk Management		-	-	-	1 964	1 938	1 938	126	133	140
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	2 277 726	2 268 996	2 164 899	2 385 364	2 390 503	2 390 503	2 423 738	2 499 093	2 572 295
Surplus/(Deficit) for the year	2	(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	(312 886)	(217 259)	(116 603)

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	292 796	296 046	258 006	320 131	320 131	320 131	156 032	270 000	285 000	300 390
Service charges - electricity revenue	2	450 535	447 788	433 878	457 937	457 937	457 937	311 948	475 000	500 650	527 627
Service charges - water revenue	2	125 247	148 307	116 764	152 811	152 811	152 811	111 271	161 600	170 254	179 411
Service charges - sanitation revenue	2	29 662	41 724	44 750	49 140	49 140	49 140	33 798	52 275	55 097	58 072
Service charges - refuse revenue	2	31 443	33 569	65 366	53 000	53 000	53 000	36 042	53 000	55 862	58 878
Rental of facilities and equipment		1 020	1 243	1 408	70	70	70	621	1 386	1 461	1 540
Interest earned - external investments		7 717	4 515	7 030	6 400	6 400	6 400	1 683	6 732	7 090	7 470
Interest earned - outstanding debtors		60 939	95 140	83 818	86 800	86 800	86 800	58 103	91 112	96 032	101 216
Dividends received		-	-	48	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 900	2 992	4 998	1 001	1 001	1 001	93	1 001	1 055	1 112
Licences and permits		5 923	6 229	6 121	2 200	2 200	2 200	75	2 127	2 241	2 362
Agency services		10 274	11 456	12 253	9 000	9 000	9 000	-	12 000	12 648	13 000
Transfers and subsidies		442 428	506 007	780 488	627 887	628 803	628 803	472 215	699 244	772 980	857 859
Other revenue	2	12 773	49 854	39 459	7 644	7 644	7 644	2 427	3 579	3 762	3 960
Gains on disposal of PPE		4 426	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 478 083	1 644 870	1 854 386	1 774 020	1 774 936	1 774 936	1 184 309	1 829 055	1 964 132	2 112 897
Expenditure By Type											
Employee related costs	2	358 844	392 302	425 241	390 960	401 264	401 264	301 409	470 000	498 656	524 321
Remuneration of councillors		23 727	25 456	30 531	32 370	32 370	32 370	19 774	33 242	35 037	36 929
Debt impairment	3	228 753	157 979	(128 998)	280 000	280 000	280 000	80 898	275 000	235 000	190 000
Depreciation & asset impairment	2	483 686	458 952	474 336	552 750	552 750	552 750	637	490 000	516 460	544 349
Finance charges		115 680	131 937	160 510	110 500	110 500	110 500	94 705	140 501	148 088	156 085
Bulk purchases	2	472 484	452 876	505 968	550 000	535 000	535 000	383 932	560 000	590 240	622 113
Other materials	8	112 585	121 177	23 119	26 541	26 076	26 076	13 382	26 320	27 741	29 239
Contracted services		129 644	259 308	189 535	271 888	247 928	247 928	128 566	235 075	243 959	254 485
Transfers and subsidies		22 610	20 879	2 343	4 000	4 051	4 051	4 051	4 500	4 600	4 700
Other expenditure	4, 5	197 585	248 129	482 314	166 355	200 565	200 565	105 077	189 101	199 312	210 075
Loss on disposal of PPE		132 128	-	-	-	-	-	-	-	-	-
Total Expenditure		2 277 726	2 268 996	2 164 899	2 385 364	2 390 503	2 390 503	1 132 433	2 423 738	2 499 093	2 572 295
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(799 643)	(624 126)	(310 513)	(611 345)	(615 568)	(615 568)	51 876	(594 683)	(534 962)	(459 397)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		296 832	260 211	-	285 258	285 258	285 258	285 258	281 797	317 703	342 794
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	337 134	(312 886)	(217 259)	(116 603)
Taxation		(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	337 134	(312 886)	(217 259)	(116 603)
Surplus/(Deficit) after taxation		(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	337 134	(312 886)	(217 259)	(116 603)
Attributable to minorities		(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	337 134	(312 886)	(217 259)	(116 603)
Surplus/(Deficit) attributable to municipality		(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	337 134	(312 886)	(217 259)	(116 603)
Share of surplus/ (deficit) of associate	7	(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	337 134	(312 886)	(217 259)	(116 603)
Surplus/(Deficit) for the year		(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	337 134	(312 886)	(217 259)	(116 603)

**Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
<b>Capital expenditure - Vote</b>											
<i>Single-year expenditure to be appropriated</i>	2										
Vote 01 - Executive Council		-	-	86	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	28	28	28	-	-	-
Vote 04 - Corporate Support Services		-	-	3 652	-	28 084	28 084	24 244	-	-	-
Vote 05 - Budget And Treasury Office		1 585	1 065	228	-	767	767	669	-	-	-
Vote 06 - Infrastructure And Technical Services		258 844	216 850	192 380	275 758	275 794	275 794	116 508	281 797	317 703	342 794
Vote 07 - Community Services		2 730	15 251	2 447	9 500	9 500	9 500	409	-	-	-
Vote 08 - Human Settlement		-	-	1 486	-	-	-	-	-	-	-
Vote 09 - Economic Dev, Tourism & Agriculture		-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety, Fleet And Facilities Management		25 841	19 449	16 437	-	313	313	117	-	-	-
Vote 11 - Internal Audit		-	-	10	-	51	51	51	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		289 000	252 614	216 725	285 258	314 537	314 537	142 026	281 797	317 703	342 794
Total Capital Expenditure - Vote		289 000	252 614	216 725	285 258	314 537	314 537	142 026	281 797	317 703	342 794
<b>Capital Expenditure - Functional</b>											
<i>Governance and administration</i>		1 585	20 513	20 413	-	28 930	28 930	24 992	-	-	-
Executive and council		-	-	86	-	28	28	28	-	-	-
Finance and administration		1 585	20 513	20 317	-	28 851	28 851	24 913	-	-	-
Internal audit		-	-	10	-	51	51	51	-	-	-
<i>Community and public safety</i>		25 841	2 730	1 505	9 500	9 507	9 507	409	-	-	-
Community and social services		9 107	720	488	-	-	-	-	-	-	-
Sport and recreation		14 091	2 010	924	9 500	9 500	9 500	409	-	-	-
Public safety		2 643	-	-	-	7	7	-	-	-	-
Housing		-	-	93	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		131 631	100 168	89 208	105 787	106 093	106 093	46 821	77 000	88 000	84 000
Planning and development		-	-	1 393	-	-	-	-	-	-	-
Road transport		131 631	100 168	87 815	105 787	106 093	106 093	46 821	77 000	88 000	84 000
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		128 779	116 682	105 600	169 971	170 007	170 007	69 804	204 797	229 703	258 794
Energy sources		22 000	11 519	14 352	14 725	14 725	14 725	582	16 787	36 703	38 794
Water management		86 271	75 640	77 158	120 000	120 007	120 007	57 483	135 000	120 000	142 000
Waste water management		20 509	29 522	13 055	35 245	35 275	35 275	11 739	53 010	73 000	78 000
Waste management		-	-	1 035	-	-	-	-	-	-	-
Other		1 164	12 522	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	289 000	252 614	216 725	285 258	314 537	314 537	142 026	281 797	317 703	342 794
<b>Funded by:</b>											
National Government		283 205	232 101	186 967	285 258	285 258	285 258	116 910	281 797	317 703	342 794
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	283 205	232 101	186 967	285 258	285 258	285 258	116 910	281 797	317 703	342 794
Borrowing	6										
Internally generated funds		5 796	20 513	29 758	-	29 279	29 279	25 116	-	-	-
Total Capital Funding	7	289 000	252 614	216 725	285 258	314 537	314 537	142 026	281 797	317 703	342 794

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations
3. Single-year capital expenditure has been appropriated at R281.7 million for the 2019/20 financial year and remains relatively constant over the MTREF at levels of R317.7 million and R342 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and transfers.



**Table 19 MBRR Table A6 - Budgeted Financial Position**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Current assets											
Cash		19 178	32 334	28 228	6 976	6 976	6 976	(210 929)	7 000	8 100	10 000
Call investment deposits	1	53 436	1 031	5 464	50 000	50 000	50 000	39 575	56 994	144 757	277 494
Consumer debtors	1	196 385	337 257	219 140	430 677	430 677	430 677	1 641 753	669 511	681 000	701 000
Other debtors		115 072	179 363	506 283	-	-	-	1 025 555	150 000	155 000	160 000
Current portion of long-term receivables								-	-	-	-
Inventory	2	14 884	12 869	9 515	10 530	10 530	10 530	16 676	10 000	12 000	13 000
Total current assets		398 955	562 855	768 629	498 183	498 183	498 183	2 512 631	893 505	1 000 857	1 161 494
Non current assets											
Long-term receivables		-						-	-	-	-
Investments		12 643	12 785	13 038	13 689	13 689	13 689	12 793	12 800	12 850	12 900
Investment property		260 792	317 245	168 005	273 780	273 780	273 780	168 005	275 000	280 000	285 000
Investment in Associate											
Property, plant and equipment	3	6 121 338	5 778 180	5 518 675	6 108 468	6 137 748	6 137 748	5 661 356	5 943 153	6 260 856	6 603 650
Biological											
Intangible		-	-	-	-	-	-	-	-	-	-
Other non-current assets		10	10	10	-	-	-	10	10	10	10
Total non current assets		6 394 782	6 108 221	5 699 728	6 395 937	6 425 217	6 425 217	5 842 164	6 230 963	6 553 716	6 901 560
TOTAL ASSETS		6 793 738	6 671 076	6 468 357	6 894 120	6 923 399	6 923 399	8 354 794	7 124 468	7 554 573	8 063 055
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	2 956	4 470	-	-	-	-	2 013	-	-	-
Consumer deposits		13 222	13 945	15 947	13 689	13 689	13 689	31 046	16 000	16 500	16 800
Trade and other payables	4	477 047	631 760	582 704	256 406	256 406	256 406	1 549 208	470 655	382 742	294 829
Provisions		29 572	55 108	-	-	-	-	240 414	240 000	243 500	248 000
Total current liabilities		522 797	705 284	598 650	270 095	270 095	270 095	1 822 681	726 655	642 742	559 629
Non current liabilities											
Borrowing		879 870	986 965	1 115 456	950 859	950 859	950 859	1 208 102	1 171 342	1 236 937	1 301 258
Provisions		178 078	205 126	291 663	123 201	123 201	123 201	50 391	208 000	213 200	218 430
Total non current liabilities		1 057 948	1 192 091	1 407 119	1 074 060	1 074 060	1 074 060	1 258 493	1 379 342	1 450 137	1 519 688
TOTAL LIABILITIES		1 580 745	1 897 375	2 005 769	1 344 155	1 344 155	1 344 155	3 081 175	2 105 997	2 092 879	2 079 317
NET ASSETS	5	5 212 992	4 773 701	4 462 588	5 549 966	5 579 245	5 579 245	5 273 620	5 018 472	5 461 694	5 983 738
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		5 212 992	4 773 701	4 462 588	5 549 966	5 579 245	5 579 245	5 273 620	5 018 472	5 461 694	5 983 738
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	5 212 992	4 773 701	4 462 588	5 549 966	5 579 245	5 579 245	5 273 620	5 018 472	5 461 694	5 983 738

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 23 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 20 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		231 127	296 046	258 006	230 000	230 000	200 000	156 937	207 500	223 750	230 293
Service charges		502 745	227 842	646 403	526 000	526 000	596 000	397 294	611 406	654 921	690 003
Other revenue		13 552	32 132	36 225	29 512	65 512	65 512	9 592	20 092	21 167	21 974
Government - operating	1	442 428	504 673	569 142	571 733	572 804	572 804	428 806	699 244	772 980	857 859
Government - capital	1	296 442	263 056	212 007	301 005	301 005	301 005	106 603	281 797	317 703	342 794
Interest		7 717	99 646	90 896	10 500	20 000	20 000	57 537	15 066	15 590	16 370
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1 196 934)	(1 200 077)	(1 592 069)	(1 308 392)	(1 369 115)	(1 369 115)	(1 041 600)	(1 513 737)	(1 594 945)	(1 677 161)
Finance charges		(0)	(116 410)	(127 974)	-	-	-	-	-	-	-
Transfers and Grants	1				(10 000)	(5 000)	(5 000)	(1 649)	(4 500)	(4 600)	(4 700)
NET CASH FROM/(USED) OPERATING ACTIVITIES		297 077	106 908	92 635	350 358	341 206	381 206	113 521	316 869	406 566	477 432
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	6 108	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	(16 378)	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(186)	(132)	(253)	-	-	-	-	-	-	-
Payments											
Capital assets		(289 000)	(242 160)	(214 830)	(301 005)	(311 487)	(311 487)	(83 914)	(281 797)	(317 703)	(342 794)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(289 187)	(252 563)	(215 083)	(301 005)	(311 487)	(311 487)	(83 914)	(281 797)	(317 703)	(342 794)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		5 935	113 682	128 491	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(3 629)	(3 826)	(5 717)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		2 307	109 856	122 774	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		10 198	(35 799)	326	49 353	29 719	69 719	29 607	35 072	88 863	134 638
Cash/cash equivalents at the year begin:	2	58 958	69 155	33 366	(29 235)	484	484	484	28 922	63 994	152 857
Cash/cash equivalents at the year end:	2	69 155	33 357	33 692	20 118	30 203	70 203	30 091	63 994	152 857	287 494

**Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	69 155	33 357	33 692	20 118	30 203	70 203	30 091	63 994	152 857	287 494
Other current investments > 90 days		3 459	9	–	36 858	26 773	(13 227)	(201 445)	–	–	–
Non current assets - Investments	1	12 643	12 785	13 038	13 689	13 689	13 689	12 793	12 800	12 850	12 900
Cash and investments available:		85 257	46 151	46 730	70 665	70 665	70 665	(158 562)	76 794	165 707	300 394
Application of cash and investments											
Unspent conditional transfers		–	327	987	–	–	–	156 073	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	249 604	378 204	(57 902)	(40 421)	(54 024)	(69 139)	(1 749 204)	(141 562)	(252 583)	(355 471)
Other provisions		169 683	178 224						129 731	136 260	142 790
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		419 287	556 754	(56 914)	(40 421)	(54 024)	(69 139)	(1 593 131)	(11 831)	(116 323)	(212 681)
Surplus(shortfall)		(334 030)	(510 603)	103 644	111 085	124 688	139 803	1 434 569	88 625	282 029	513 075

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

**Table 22 MBRR Table A9 - Asset Management**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b><u>Total New Assets</u></b>	1	289 000	252 614	112 636	154 500	183 779	183 779	281 797	317 703	342 794
<i>Roads Infrastructure</i>		131 631	100 168	–	–	–	–	77 000	88 000	84 000
<i>Storm water Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>		22 000	11 519	–	–	–	–	16 787	36 703	38 794
<i>Water Supply Infrastructure</i>		86 271	75 640	77 158	120 000	120 000	120 000	135 000	120 000	142 000
<i>Sanitation Infrastructure</i>		20 509	29 522	13 055	25 000	25 000	25 000	53 010	73 000	78 000
<i>Solid Waste Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>		<b>260 410</b>	<b>216 850</b>	<b>90 213</b>	<b>145 000</b>	<b>145 000</b>	<b>145 000</b>	<b>281 797</b>	<b>317 703</b>	<b>342 794</b>
<i>Community Facilities</i>		11 098	720	–	–	–	–	–	–	–
<i>Sport and Recreation Facilities</i>		14 091	2 010	–	9 500	9 500	9 500	–	–	–
<b>Community Assets</b>		<b>25 189</b>	<b>2 730</b>	–	<b>9 500</b>	<b>9 500</b>	<b>9 500</b>	–	–	–
<b>Heritage Assets</b>		–	–	–	–	–	–	–	–	–
<i>Revenue Generating</i>		–	–	–	–	–	–	–	–	–
<i>Non-revenue Generating</i>		–	–	–	–	–	–	–	–	–
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
<i>Operational Buildings</i>		1 816	12 522	–	–	–	–	–	–	–
<i>Housing</i>		–	–	–	–	–	–	–	–	–
<b>Other Assets</b>		<b>1 816</b>	<b>12 522</b>	–	–	–	–	–	–	–
<b>Biological or Cultivated Assets</b>		–	–	–	–	–	–	–	–	–
<i>Servitudes</i>		–	–	–	–	–	–	–	–	–
<i>Licences and Rights</i>		–	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>		–	–	–	–	–	–	–	–	–
<i>Computer Equipment</i>		–	–	–	–	–	–	–	–	–
<i>Furniture and Office Equipment</i>		1 585	1 065	4 593	–	29 279	29 279	–	–	–
<i>Machinery and Equipment</i>		–	–	–	–	–	–	–	–	–
<i>Transport Assets</i>		–	19 449	16 437	–	–	–	–	–	–
<i>Land</i>		–	–	1 393	–	–	–	–	–	–
<i>Zoo's, Marine and Non-biological Animals</i>		–	–	–	–	–	–	–	–	–
<b><u>Total Renewal of Existing Assets</u></b>	2	–	–	20 673	24 971	24 971	24 971	–	–	–
<i>Roads Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Storm water Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>		–	–	14 352	24 971	24 971	24 971	–	–	–
<i>Water Supply Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Solid Waste Infrastructure</i>		–	–	1 029	–	–	–	–	–	–
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>		–	–	<b>15 381</b>	<b>24 971</b>	<b>24 971</b>	<b>24 971</b>	–	–	–
<i>Community Facilities</i>		–	–	5 292	–	–	–	–	–	–
<i>Sport and Recreation Facilities</i>		–	–	–	–	–	–	–	–	–
<b>Community Assets</b>		–	–	<b>5 292</b>	–	–	–	–	–	–
<b>Heritage Assets</b>		–	–	–	–	–	–	–	–	–
<i>Revenue Generating</i>		–	–	–	–	–	–	–	–	–
<i>Non-revenue Generating</i>		–	–	–	–	–	–	–	–	–
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
<i>Operational Buildings</i>		–	–	–	–	–	–	–	–	–
<i>Housing</i>		–	–	–	–	–	–	–	–	–
<b>Other Assets</b>		–	–	–	–	–	–	–	–	–
<b>Biological or Cultivated Assets</b>		–	–	–	–	–	–	–	–	–
<i>Servitudes</i>		–	–	–	–	–	–	–	–	–
<i>Licences and Rights</i>		–	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>		–	–	–	–	–	–	–	–	–
<i>Computer Equipment</i>		–	–	–	–	–	–	–	–	–
<i>Furniture and Office Equipment</i>		–	–	–	–	–	–	–	–	–
<i>Machinery and Equipment</i>		–	–	–	–	–	–	–	–	–
<i>Transport Assets</i>		–	–	–	–	–	–	–	–	–
<i>Land</i>		–	–	–	–	–	–	–	–	–
<i>Zoo's, Marine and Non-biological Animals</i>		–	–	–	–	–	–	–	–	–
<b><u>Total Upgrading of Existing Assets</u></b>	6	–	–	83 416	105 787	105 787	105 787	–	–	–
<i>Roads Infrastructure</i>		–	–	82 518	105 787	105 787	105 787	–	–	–
<i>Storm water Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Water Supply Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Solid Waste Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
<b>Infrastructure</b>		–	–	<b>82 518</b>	<b>105 787</b>	<b>105 787</b>	<b>105 787</b>	–	–	–
<i>Community Facilities</i>		–	–	–	–	–	–	–	–	–
<i>Sport and Recreation Facilities</i>		–	–	898	–	–	–	–	–	–
<b>Community Assets</b>		–	–	<b>898</b>	–	–	–	–	–	–
<b>Heritage Assets</b>		–	–	–	–	–	–	–	–	–
<i>Revenue Generating</i>		–	–	–	–	–	–	–	–	–
<i>Non-revenue Generating</i>		–	–	–	–	–	–	–	–	–
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
<i>Operational Buildings</i>		–	–	–	–	–	–	–	–	–
<i>Housing</i>		–	–	–	–	–	–	–	–	–
<b>Other Assets</b>		–	–	–	–	–	–	–	–	–
<b>Biological or Cultivated Assets</b>		–	–	–	–	–	–	–	–	–
<i>Servitudes</i>		–	–	–	–	–	–	–	–	–
<i>Licences and Rights</i>		–	–	–	–	–	–	–	–	–
<b>Intangible Assets</b>		–	–	–	–	–	–	–	–	–
<i>Computer Equipment</i>		–	–	–	–	–	–	–	–	–
<i>Furniture and Office Equipment</i>		–	–	–	–	–	–	–	–	–
<i>Machinery and Equipment</i>		–	–	–	–	–	–	–	–	–
<i>Transport Assets</i>		–	–	–	–	–	–	–	–	–
<i>Land</i>		–	–	–	–	–	–	–	–	–
<i>Zoo's, Marine and Non-biological Animals</i>		–	–	–	–	–	–	–	–	–
<b><u>Total Capital Expenditure</u></b>	4	289 000	252 614	216 725	285 258	314 537	314 537	281 797	317 703	342 794
<i>Roads Infrastructure</i>		131 631	100 168	82 518	105 787	105 787	105 787	77 000	88 000	84 000
<i>Storm water Infrastructure</i>		–	–	–	–	–	–	–	–	–

Electrical Infrastructure		22 000	11 519	14 352	24 971	24 971	24 971	16 787	36 703	38 794
Water Supply Infrastructure		86 271	75 640	77 158	120 000	120 000	120 000	135 000	120 000	142 000
Sanitation Infrastructure		20 509	29 522	13 055	25 000	25 000	25 000	53 010	73 000	78 000
Solid Waste Infrastructure		-	-	1 029	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		260 410	216 850	188 113	275 758	275 758	275 758	281 797	317 703	342 794
Community Facilities		11 098	720	5 292	-	-	-	-	-	-
Sport and Recreation Facilities		14 091	2 010	898	9 500	9 500	9 500	-	-	-
Community Assets		25 189	2 730	6 190	9 500	9 500	9 500	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		1 816	12 522	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		1 816	12 522	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		1 585	1 065	4 593	-	29 279	29 279	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	19 449	16 437	-	-	-	-	-	-
Land		-	-	1 393	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>289 000</b>	<b>252 614</b>	<b>216 725</b>	<b>285 258</b>	<b>314 537</b>	<b>314 537</b>	<b>281 797</b>	<b>317 703</b>	<b>342 794</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	6 086 568	5 778 180	5 148 122	6 382 248	6 411 218	6 411 218	6 218 163	6 540 866	6 888 660
Roads Infrastructure		743 632	701 892	1 577 565	1 603 683	1 603 683	1 603 683	1 603 683	1 687 074	1 770 466
Storm water Infrastructure		-	-	18 848	909 748	909 748	909 748	909 748	909 748	909 748
Electrical Infrastructure		1 275 388	960 054	1 428 557	1 326 146	1 326 146	1 326 146	1 326 146	1 452 727	1 579 308
Water Supply Infrastructure		566 187	555 587	649 788	1 789 019	1 789 019	1 789 019	1 669 006	1 755 794	1 842 582
Sanitation Infrastructure		136 287	238 225	75 873	280 287	280 287	280 287	280 287	294 862	334 328
Solid Waste Infrastructure		-	18 021	1 320	108 983	108 983	108 983	108 983	114 650	120 318
Rail Infrastructure		-	-	2 575	70 872	70 872	70 872	-	-	-
Infrastructure - Other		3 079 276	2 795 386	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		5 800 770	5 269 164	3 754 525	6 088 738	6 088 738	6 088 738	5 897 853	6 214 856	6 556 750
Community Assets		23 832	88 117	291 548	33 500	33 500	33 500	45 300	46 000	46 900
Heritage Assets		10	10	10	10	10	10	10	10	10
Investment properties		260 792	300 653	168 005	260 000	260 000	260 000	275 000	280 000	285 000
Other Assets		1 164	99 723	10 372	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	1 065	12 861	-	28 969	28 969	-	-	-
Furniture and Office Equipment		-	-	15 911	-	-	-	-	-	-
Machinery and Equipment		-	-	6 608	-	-	-	-	-	-
Transport Assets		-	19 448	16 437	-	-	-	-	-	-
Land		-	-	871 844	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>6 086 568</b>	<b>5 778 180</b>	<b>5 148 122</b>	<b>6 382 248</b>	<b>6 411 218</b>	<b>6 411 218</b>	<b>6 218 163</b>	<b>6 540 866</b>	<b>6 888 660</b>
<b>EXPENDITURE OTHER ITEMS</b>		596 271	581 021	571 154	645 543	646 133	646 133	577 710	608 906	641 787
Depreciation	7	483 686	458 952	474 336	552 750	552 750	552 750	490 000	516 460	544 349
Repairs and Maintenance by Asset Class	3	112 585	122 069	96 818	92 793	93 383	93 383	87 710	92 446	97 438
Roads Infrastructure		32 564	11 070	1 625	10 300	10 300	10 300	6 600	6 956	7 332
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		34 900	22 000	26 410	20 500	25 500	25 500	26 000	27 404	28 884
Water Supply Infrastructure		22 866	44 550	54 283	39 800	37 800	37 800	35 800	37 733	39 771
Sanitation Infrastructure		7 306	27 000	7 694	9 500	10 435	10 435	10 000	10 540	11 109
Solid Waste Infrastructure		479	1 312	148	800	800	800	800	843	889
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	257	5 000	2 000	2 000	3 000	3 162	3 333
Infrastructure		98 116	105 932	90 417	85 900	86 835	86 835	82 200	86 639	91 317
Community Facilities		4 102	5 250	2 588	3 578	3 578	3 578	2 600	2 740	2 888
Sport and Recreation Facilities		-	-	-	105	-	-	30	32	33
Community Assets		4 102	5 250	2 588	3 683	3 578	3 578	2 630	2 772	2 922
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		7 993	10 886	26	70	70	70	70	74	78
Housing		-	-	-	-	-	-	-	-	-
Other Assets		7 993	10 886	26	70	70	70	70	74	78
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	492	2 140	1 850	1 850	1 810	1 908	2 011
Transport Assets		2 375	-	3 294	1 000	1 050	1 050	1 000	1 054	1 111
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>596 271</b>	<b>581 021</b>	<b>571 154</b>	<b>645 543</b>	<b>646 133</b>	<b>646 133</b>	<b>577 710</b>	<b>608 906</b>	<b>641 787</b>
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%	48.0%	45.8%	41.6%	41.6%	0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%	0.0%	21.9%	23.7%	23.7%	23.7%	0.0%	0.0%	0.0%
R&M as a % of PPE		1.8%	2.1%	1.8%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Renewal and upgrading and R&M as a % of PPE		2.0%	2.0%	4.0%	4.0%	3.0%	3.0%	1.0%	1.0%	1.0%

**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

**Table 23 MBRR Table A10 - Basic Service Delivery Measurement**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		365 689	365 689	365 689	400 474	400 474	400 474	421 298	444 049	468 027
Piped water inside yard (but not in dwelling)		73 520	73 520	73 520	79 519	79 519	79 519	83 654	88 171	92 933
Using public tap (at least min.service level)	2	16 325	16 325	16 325	17 878	17 878	17 878	18 807	19 823	20 894
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		455 534	455 534	455 534	497 871	497 871	497 871	523 760	552 043	581 853
Using public tap (< min.service level)	3	88 913	81 455	102 934	106 169	106 169	106 169	111 690	117 721	124 078
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		88 913	81 455	102 934	106 169	106 169	106 169	111 690	117 721	124 078
Total number of households	5	544 447	536 989	558 468	604 040	604 040	604 040	635 450	669 764	705 931
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		211 697	220 165	220 165	247 588	247 588	247 588	260 462	274 527	289 352
Flush toilet (with septic tank)		11 669	12 136	12 136	12 779	12 779	12 779	13 444	14 170	14 935
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		56 280	58 531	60 872	63 307	63 307	63 307	66 599	70 195	73 986
Other toilet provisions (> min.service level)		177 361	184 455	184 455	198 724	198 724	198 724	209 058	220 347	232 245
<i>Minimum Service Level and Above sub-total</i>		457 007	475 287	477 628	522 398	522 398	522 398	549 563	579 239	610 518
Bucket toilet		14 561	15 143	15 143	15 946	15 946	15 946	16 775	17 681	18 635
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		44 767	46 559	65 697	65 697	65 697	65 697	69 113	72 845	76 779
<i>Below Minimum Service Level sub-total</i>		59 328	61 702	80 840	81 643	81 643	81 643	85 888	90 526	95 414
Total number of households	5	516 335	536 989	558 468	604 040	604 040	604 040	635 451	669 765	705 932
<b>Energy:</b>										
Electricity (at least min.service level)		353 328	367 461	382 159	418 511	418 511	418 511	440 273	464 048	489 107
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		353 328	367 461	382 159	418 511	418 511	418 511	440 273	464 048	489 107
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		163 007	169 528	176 309	185 529	185 529	185 529	195 177	205 716	216 825
<i>Below Minimum Service Level sub-total</i>		163 007	169 528	176 309	185 529	185 529	185 529	195 177	205 716	216 825
Total number of households	5	516 335	536 989	558 468	604 040	604 040	604 040	635 450	669 764	705 931
<b>Refuse:</b>										
Removed at least once a week		132 905	138 221	138 221	151 369	151 369	151 369	159 240	167 839	176 902
<i>Minimum Service Level and Above sub-total</i>		132 905	138 221	138 221	151 369	151 369	151 369	159 240	167 839	176 902
Removed less frequently than once a week		6 712	6 980	6 980	7 644	7 644	7 644	8 041	8 475	8 933
Using communal refuse dump		14 612	15 196	15 196	16 642	16 642	16 642	17 507	18 452	19 449
Using own refuse dump		308 923	321 280	334 131	365 914	365 914	365 914	384 942	405 729	427 638
Other rubbish disposal		8 416	8 753	9 103	9 969	9 969	9 969	10 487	11 053	11 650
No rubbish disposal		44 767	46 559	54 837	52 503	52 503	52 503	55 233	58 216	61 359
<i>Below Minimum Service Level sub-total</i>		383 430	398 768	420 247	452 671	452 671	452 671	476 210	501 926	529 030
Total number of households	5	516 335	536 989	558 468	604 040	604 040	604 040	635 450	669 765	705 932
<b>Households receiving Free Basic Service:</b>	7									
Water (6 kilolitres per household per month)		5 661	5 322	4 983	7 523	7 523	7 523	7 914	12 187	12 845
Sanitation (Free minimum level service)		5 661	5 322	4 983	7 523	7 523	7 523	7 914	8 341	8 792
Electricity/other energy (50kwh per household per month)		12 450	18 900	25 350	7 523	7 523	7 523	7 914	8 341	8 792
Refuse (removed at least once a week)		5 661	5 322	4 983	7 523	7 523	7 523	7 914	8 341	8 792
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		600	600	600	5 005	5 005	5 005	2 501	2 636	2 778
Sanitation (Free sanitation service to indigent households)		20	20	20	1 600	1 600	1 600	800	843	889
Electricity/other energy (50kwh per indigent household per month)		10 000	9 658	9 316	14 380	14 380	14 380	15 128	15 945	16 806
Refuse (removed once a week for indigent households)		500	500	500	1 800	1 800	1 800	1 800	1 897	2 000
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
Total cost of FBS provided		11 120	10 778	10 436	22 785	22 785	22 785	20 229	21 321	22 473
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		34 011	35 808	37 605	60 000	60 000	60 000	63 120	66 528	70 121
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		42	42	42	142	142	142	142	142	142
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		–	–	–	240	240	240	240	240	240
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		24 887	–	51 248	32 813	32 813	32 813	113 438	119 564	126 020
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		–	–	–	–	–	–	–	–	–
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided	6	24 887	–	51 248	32 813	32 813	32 813	113 438	119 564	126 020

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.



## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 August 2018. Key dates applicable to the process were:

- **August 2018** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2019/20MTREF;
- **November 2018** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **3 to 7 January 2019** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2019** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2019** - Council considers the 2018/19 Mid-year Review and Adjustments Budget;

- **February 2019** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2019/20MTREF is revised accordingly;
- **26 March 2019** - Tabling in Council of the FINAL 2019/20IDP and 2019/20MTREF for public consultation;
- **April 2019** – Public consultation;
- **3 May 2019** - Closing date for written comments;
- **6 to 24 May 2019** – finalisation of the 2019/20IDP and 2019/20MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **28 May 2019** - Tabling of the 2019/20MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third review of the IDP as adopted by Council in May 2015. It started in September 2018 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2019/20 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20MTREF, based on the approved 2018/19 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/19 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2018/19 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 93 and 94 has been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2019/20 MTREF as tabled before Council on 26 March 2019 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process in April 2019. The applicable dates and venues will be published in all the local newspapers and on the municipal website. Individual sessions will be scheduled with organised business to further ensure transparency and interaction. Other stakeholders involved in the consultation includes churches, non-governmental institutions and community-based organisations.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development

platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

The following table highlights the IDP's six strategic objectives or key performance areas for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 24 IDP Strategic Objectives**

KPA	KPA Description
KPA 1	TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT
KPA 2	GOOD GOVERNANCE
KPA 3	LOCAL ECONOMIC DEVELOPMENT
KPA 4	FINANCIAL VIABILITY
KPA 5	BASIC SERVICE DELIVERY AND INFRASTRUCTURE
KPA 6	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Madibeng Local Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the SA 4, 5 and 6 tables below provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
Sustainable Service - Electricity	Electricity	A		485 352	487 418	459 581	487 317	487 317	487 317	487 467	513 791	541 477	
Sustainable Service - Water	Water	A		167 740	149 884	163 445	172 811	172 811	172 811	183 938	193 799	204 227	
Sustainable Service - Sanitation	Sanitation	A		29 675	41 844	49 382	57 140	57 140	57 140	59 891	63 124	66 533	
Sustainable Service - Waste Management	Waste Management	A		32 070	39 160	69 650	59 500	59 500	59 500	59 787	63 015	66 417	
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		963	2 307	5 068	1 333	2 249	2 249	1 292	1 362	1 436	
Infrastructure - Land And Housing	Land And Housing	A		2 703	-	-	-	-	-	-	-	-	
Good Governance - Support Service	Support Service	B		-	-	-	-	-	-	-	-	-	
Good Governance - Financial Management	Financial Management	B		801 056	911 673	883 629	982 404	982 404	982 404	1 017 263	1 110 064	1 213 142	
Good Governance - Human Resources	Human Resources	B		20 618	9 310	123	1 010	1 010	1 010	1 001	1 055	1 112	
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		171	202	186	71	71	71	60	63	66	
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		60	13 001	23 372	11 000	11 000	11 000	14 000	14 756	15 222	
Sustainable Service - Health	Health	A		-	-	-	-	-	-	-	-	-	
Sustainable Service - Community And Others	Community And Others	A		234 506	-	-	60	60	60	83	87	92	
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		-	250 281	199 950	286 632	286 632	286 632	286 070	320 718	345 967	
Environmental Management - Pollution	Pollution	A		-	2	-	-	-	-	-	-	-	
Good Governance - Council And Public Participation	Good Governance	A		-	-	-	-	-	-	-	-	-	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	1 774 915	1 905 081	1 854 386	2 059 278	2 060 194	2 060 194	2 110 852	2 281 835	2 455 691

**Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
Sustainable Service - Electricity	Electricity	A		454 898	435 864	491 382	512 340	502 340	502 340	501 522	528 256	556 701	
Sustainable Service - Water	Water	A		209 064	200 303	248 808	198 199	194 899	194 899	225 344	236 691	248 570	
Sustainable Service - Sanitation	Sanitation	A		28 026	33 010	30 852	35 243	36 243	36 243	35 140	36 685	38 585	
Sustainable Service - Waste Management	Waste Management	A		73 771	69 840	67 929	70 336	64 815	64 815	56 988	56 701	56 915	
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		34 869	27 959	37 593	28 103	29 506	29 506	28 862	30 671	32 327	
Infrastructure - Land And Housing	Land And Housing	A		22 341	-	3 983	2 498	2 598	2 598	4 937	5 260	5 544	
Good Governance - Support Service	Support Service	B		-	-	-	-	-	-	-	-	-	
Good Governance - Financial Management	Financial Management	B		1 190 744	1 156 123	630 708	1 261 003	1 281 712	1 281 712	1 254 076	1 268 021	1 278 656	
Good Governance - Human Resources	Audit	B		-	-	7 766	10 407	10 407	10 407	9 920	10 561	11 132	
Planning And Development	Planning And Development	B		-	26 868	47 968	40 327	40 266	40 266	45 165	48 096	50 693	
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		10 254	16 116	14 821	15 881	15 776	15 776	22 382	23 823	25 110	
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		138 248	128 910	70 547	58 220	59 570	59 570	74 357	79 274	83 555	
Sustainable Service - Health	Health	A		5 884	5 753	6 134	1 054	1 054	1 054	7 277	7 759	8 178	
Sustainable Service - Community And Others	Community And Others	A		12 627	2 408	2 297	2 913	2 913	2 913	2 994	3 183	3 355	
Infrastructure - Roads And Stormwater	Roads And Stormwater	A		24 204	72 920	422 652	62 438	62 458	62 458	64 023	67 953	71 622	
Environmental Management - Pollution	Pollution	A		1 140	7 676	694	866	866	866	722	770	812	
Good Governance - Council And Public Participation	Good Governance	A		71 656	85 245	80 765	85 536	85 081	85 081	90 029	95 388	100 539	
Allocations to other priorities													
Total Expenditure				1	2 277 726	2 268 996	2 164 899	2 385 364	2 390 503	2 390 503	2 423 738	2 499 093	2 572 295

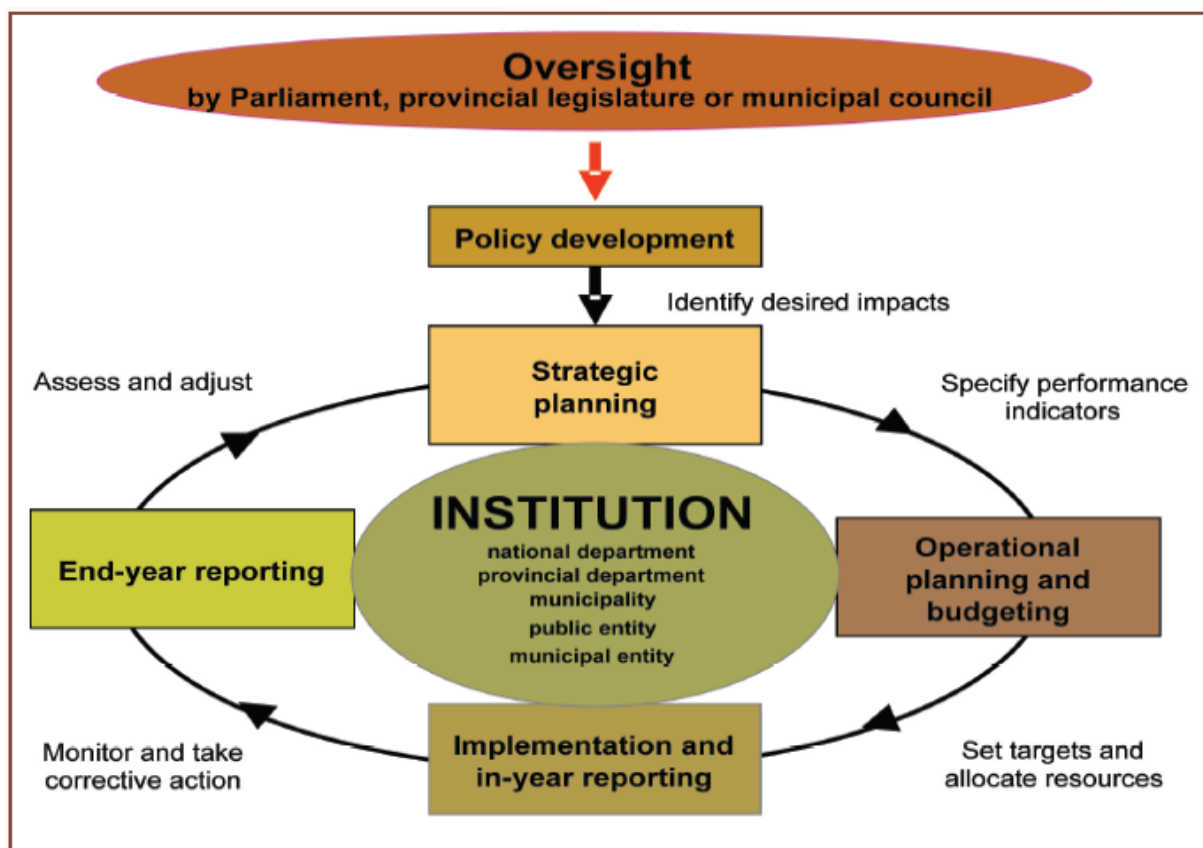
**Table 27 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
				R thousand								
Sustainable Service - Electricity	Electricity	A		22 000	11 519	14 352	14 725	14 725	14 725	16 787	36 703	38 794
Sustainable Service - Water	Water	A		86 271	75 640	77 158	120 000	120 007	120 007	135 000	120 000	142 000
Sustainable Service - Sanitation	Sanitation	A		20 509	29 522	13 055	35 245	35 275	35 275	53 010	73 000	78 000
Sustainable Service - Waste Management	Waste Management	A		-	-	1 035	-	-	-	-	-	-
Infrastructure - Cemeteries And Parks	Cemeteries And Parks	A		9 107	720	488	-	-	-	-	-	-
Infrastructure - Land And Housing	Land And Housing	A		-	-	93	-	-	-	-	-	-
Good Governance - SupportService	Support Service	B		-	-	-	-	-	-	-	-	-
Good Governance - Financial Management	Financial Management	B		1 585	20 513	20 317	-	28 851	28 851	-	-	-
Good Governance - Human Resources	Human Resources	B		-	-	-	-	-	-	-	-	-
Planning And Development	Planning And Development	B		-	-	1 393	-	-	-	-	-	-
Social Development - Arts, Culture, Sports And Recreation	Arts, Culture, Sports And Recreation	B		14 091	2 010	924	9 500	9 500	9 500	-	-	-
Safety And Security - Road Safety, Fire And Disaster, Security	Road Safety, Fire And Disaster, Security	B		2 643	-	-	-	7	7	-	-	-
Good Governance - SupportService	Audit	A		-	-	10	-	51	51	-	-	-
Sustainable Service - Community And Others	Community And Others	A		1 164	12 522	-	-	-	-	-	-	-
Infrastructure - Roads And Strmmwater	Roads And Strmmwater	A		131 631	100 168	87 815	105 787	106 093	106 093	77 000	88 000	84 000
Environmental Management - Pollution	Pollution	A		-	-	-	-	-	-	-	-	-
Good Governance - Council And Public Participation	Good Governance	A		-	-	86	-	28	28	-	-	-
Allocations to other priorities			3	-	-	-	-	-	-	-	-	-
Total Capital Expenditure			1	289 000	252 614	216 725	285 258	314 537	314 537	281 797	317 703	342 794

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

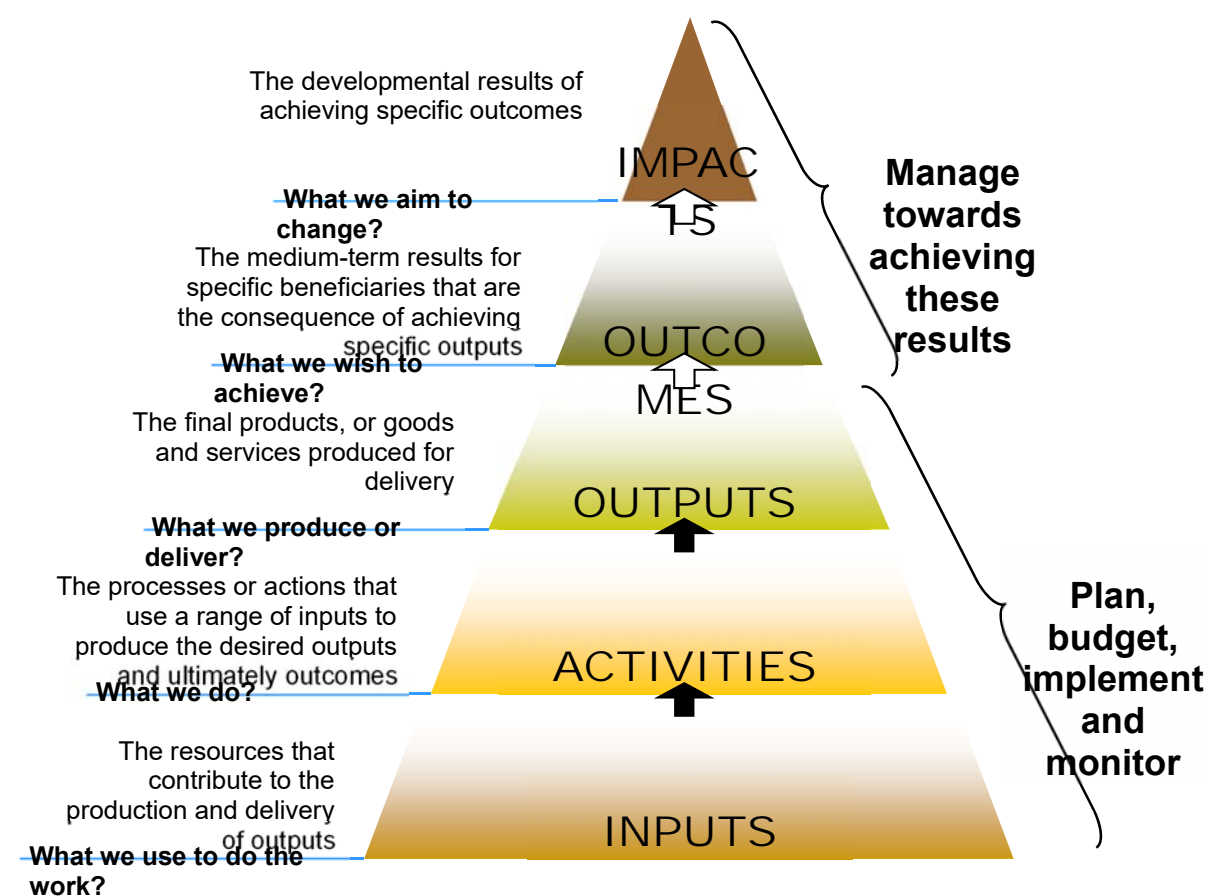


**Figure 3 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 4 Definition of performance information concepts**

SA 7 table below illustrates Madibeng Local Municipality's measurable performance objectives and indicators.



**Table 28 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>06 - Infrastructure And Technical Services</b>										
Electricity										
Electricity Distribution										
Electricity (At Least Min.Service Level)	Households	65	65	130	137	137	137	144	152	160
Electricity - Prepaid (Min.Service Level)	Households	-	(39)	65	69	69	69	72	76	80
Electricity/Other Energy	Rand Value	10 188	18 831	472 396	497 433	497 433	497 433	523 300	551 558	581 342
Electricity/Other Energy (50kwh Per Household Per Month)	Households	6	(9)	32	33	33	33	35	37	39
Electricity/Other Energy (50kwh Per Household Per Month)	Rand Value	10 188	18 831	11 874	12 503	12 503	12 503	13 153	13 864	14 612
Other Energy Sources	Households	-	-	-	-	-	-	-	-	-
Electricity distribution losses	Percentage	-	-	0	0	0	0	0	0	0
High mast lights energized	Number	-	-	0	0	0	0	0	0	0
Waste Water Management										
Sewerage										
Bucket Toilet	Households	3	(41)	6	6	6	6	6	7	7
Flush Toilet (Connected To Sewerage)	Households	44	44	44	46	46	46	48	51	54
Flush Toilet (With Septic Tank)	Households	2	2	80	84	84	84	89	93	98
No Toilet Provisions	Households	9	19	31	33	33	33	35	37	38
Sanitation	Rand Value	175	(1 195)	37 583	39 575	39 575	39 575	41 633	43 881	46 250
Sanitation (Free Minimum Level Service)	Households	6	7	7	7	7	7	8	8	9
Sanitation (Free Sanitation Service)	Rand Value	175	285	227	239	239	239	251	265	279
Number of new households connected to water borne sanitation	Number			4	4	4	4	5	5	5
Water										
Water Distribution										
Households with access to basic level of water	Number									
Piped Water Inside Dwelling	Households	36	10	36	38	38	38	40	42	44
Piped Water Inside Yard (But Not In Dwelling)	Households	74	101	98	103	103	103	109	115	121
Using Public Tap (< Min.Service Level)	Households	28	31	27	28	28	28	30	31	33
Using Public Tap (At Least Min.Service Level)	Households	5	(15)	-	-	-	-	-	-	-
Water	Rand Value	469	4 681	150 378	158 348	158 348	158 348	166 582	175 577	185 058
Water (6 Kilo litres Per Household Per Month)	Households	6	17	7	8	8	8	8	8	9
Water (6 Kilo litres Per Household Per Month)	Rand Value	469	449	422	445	445	445	468	493	520
<b>07 - Community Services</b>										
Waste Management										
Solid Waste										
No Rubbish Disposal	Households	15	30	113	118	118	118	125	131	138
Other Rubbish Disposal	Households	2	3	-	-	-	-	-	-	-
Refuse	Rand Value	2 965	4 385	32 553	34 278	34 278	34 278	36 061	38 008	40 060
Refuse (Removed At Least Once A Week)	Households	6	7	3 612	3 803	3 803	3 803	4 001	4 217	4 445
Refuse (Removed Once A Week)	Rand Value	2 965	4 385	41	44	44	44	46	48	51
Removed At Least Once A Week	Households	41	35	2	2	2	2	2	2	3
Removed Less Frequently Than Once A Week	Households	2	25	5	5	5	5	5	5	6
Using Communal Refuse Dump	Households	5	9	96	101	101	101	107	112	118
Using Own Refuse Dump	Households	96	192	-	-	-	-	-	-	-
<b>08 - Human Settlement</b>										
Housing										
Property Rates (Other Exemptions Reductions And Rebates)	Rand Value	60 600	60 600	-	-	-	-	-	-	-
Property Rates (R15 000 Threshold Rebate)	Rand Value	717	717	717	717	717	717	754	795	838

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 MTREF.

**Table 29 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b><u>Borrowing Management</u></b>											
Credit Rating			N/A	N/A	N/A	N/A	N/A	N/A			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.2%	6.0%	7.7%	4.6%	4.6%	4.6%	8.4%	5.8%	5.9%	6.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	11.5%	11.9%	15.5%	9.6%	9.6%	9.6%	13.3%	12.4%	12.4%	12.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	102.4%	554.2%	431.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	0.8	0.8	1.3	1.8	1.8	1.8	1.4	1.2	1.6	2.1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.8	0.8	1.3	1.8	1.8	1.8	1.4	1.2	1.6	2.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.0	0.1	0.2	0.2	0.2	(0.1)	0.1	0.2	0.5
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		78.9%	52.5%	98.4%	73.2%	73.2%	77.1%	85.4%	80.9%	82.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		78.9%	54.2%	98.4%	73.2%	73.2%	77.1%	85.4%	80.9%	82.4%	81.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	21.1%	31.4%	39.1%	24.3%	24.3%	24.3%	225.2%	44.8%	42.6%	40.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		689.8%	1893.0%	1726.6%	1274.5%	848.9%	365.2%	1222.1%	735.5%	250.4%	102.6%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kl)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	24.3%	23.9%	22.9%	22.0%	22.6%	22.6%	25.5%	25.7%	25.4%	24.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	25.9%	25.4%	24.0%	23.9%	24.4%	24.4%		27.5%	27.2%	26.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.6%	7.4%	5.2%	5.2%	5.3%	5.3%		4.8%	4.7%	4.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	40.6%	35.9%	34.2%	37.4%	37.4%	37.4%	8.1%	34.5%	33.8%	33.2%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	10.0	11.8	102.3	57.3	57.3	57.3	47.3	72.5	72.8	76.7
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	33.5%	53.3%	78.8%	41.7%	41.7%	41.7%	410.5%	80.9%	78.3%	76.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	0.3	0.3	0.1	0.2	0.5	0.3	0.4	1.0	1.8

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Madibeng Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. Madibeng Local Municipality's creditworthiness does not allow it to borrow funds to fund capital expenditure. The following financial performance indicators have formed part of the compilation of the 2019/20MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

#### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

#### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2019/20 MTREF the current ratio is 1.2 in the 2019/20 financial year and 1.6 and 2.1 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2018/19 financial year the ratio was 0.2 and as part of the financial planning strategy it has been decreased to 0.1 in the 2019/20 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### 2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings

but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### 2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

### 2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2019/20 financial year 2 080 registered indigents have been provided for in the budget with this figured increasing to 4100 by 2019/20. This is due to the proper capturing of indigents on the municipality's indigent database. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

### 2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the

Municipality's bulk water needs are provided directly by Rand Water in the form of purified water. The remaining 29 per cent is generated from the Municipality's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Rand Water and the Municipality were awarded Blue Drop status in 2018/19, indicating that the Municipality's drinking water is of exceptional quality. The Batho Pele Water Treatment Plant was awarded the best medium sized drinking water treatment works by the Department of Water Affairs.

Of the 8 waste water treatment works, two were awarded Green Drop status in 2018/19, indicating that these two plants consistently meet waste water treatment standards of exceptional quality. The remaining 6 plants will require renewals/upgrading to meet the minimum Green Drop certification standards. This has been prioritised as part of the 2019/20 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in October 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection

rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2019/20MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

#### **2.4.2 Asset Management, Infrastructure Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### **2.4.3 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

#### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

#### **2.4.5 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in August 2009 and was amended on 16 February 2011 in respect of both Operating and Capital Budget Fund Transfers.

#### **2.4.6 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy was amended by Council in January 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

#### **2.4.7 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

#### **2.4.8 Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2019/20MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2018/19 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);

- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **2.5.2 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (75 per cent) of annual billings. Cash flow is assumed to be 75 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.5.3 Growth or decline in tax base of the municipality**

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the



household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.5.4 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2018 and shall remain in force until 30 June 2021. The percentage increase for year 1 (2018/19) was 7%, with CPI + 1.5% and CPI + 1.25% increment for outer years respectfully.

#### **2.5.5 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **2.5.6 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

### **2.6 Overview of budget funding**

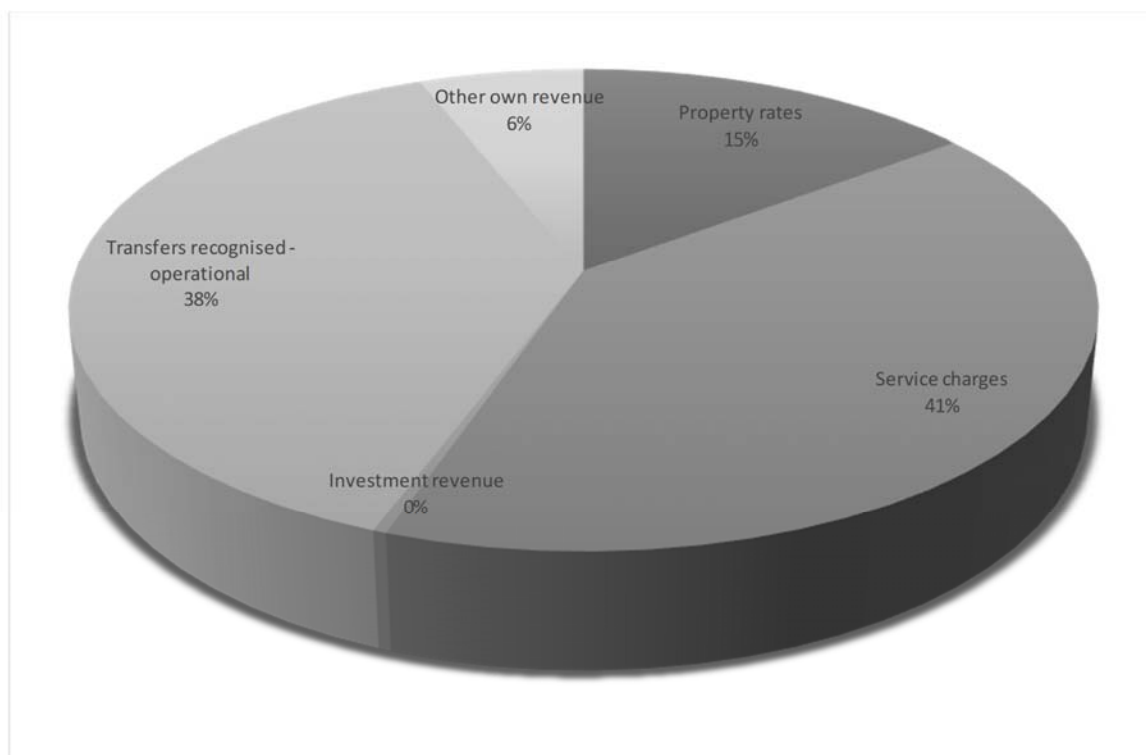
#### **2.6.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term:

**Table 30 Breakdown of the operating revenue over the medium-term**

Description	2019/20 Medium Term Revenue & Expenditure Framework					
	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
<b>R thousands</b>						
<b>Financial Performance</b>						
Property rates	270 000	15%	285 000	15%	300 390	14%
Service charges	741 875	41%	781 863	40%	823 988	39%
Investment revenue	6 732	0%	7 090	0%	7 470	0%
Transfers recognised - operational	699 244	38%	772 980	39%	857 859	41%
Other own revenue	111 204	6%	117 199	6%	123 190	6%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 829 055</b>	<b>100%</b>	<b>1 964 132</b>	<b>100%</b>	<b>2 112 897</b>	<b>100%</b>
<b>Total Expenditure</b>	<b>2 423 738</b>		<b>2 499 093</b>		<b>2 572 295</b>	
<b>Surplus/(Deficit)</b>	<b>(594 683)</b>		<b>(534 962)</b>		<b>(459 397)</b>	

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year.

**Figure 5 Breakdown of operating revenue over the 2019/20 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 75 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2019/20 MTREF on the different revenue categories are:

**Table 31 Proposed tariff increases over the medium-term**

Revenue to be generated from property rates is R320 million in the 2018/19 financial year and decreases to R270 million by 2019/20 which represents 15 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2018/19 financial year. It is anticipated that the process will be concluded by the end of 2018/19. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 4<sup>th</sup> quarter of the 2018/19 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R712.8 million for the 2018/19 financial year and increasing to R741.8 million by 2019/20. For the 2019/20 financial year services charges amount to 40 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R699 million, R773 million and R858 million for each of the respective financial years of the MTREF, or 38, 39 and 41 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 1 per cent and 2 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R6.7 million, R7.0 million and R7.4 million for the respective three financial years of the 2019/20 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

**Table 32 MBRR SA15 – Detail Investment Information**

Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		66 079	13 817	18 502	63 689	63 689	63 689	69 794	157 607	290 394
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Consolidated total:		66 079	13 817	18 502	63 689	63 689	63 689	69 794	157 607	290 394

**Table 33 MBRR SA16 – Investment particulars by maturity**

Investments by Maturity	Period of Investment	Type of Investment	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	Yrs/Months			Rand Thousand				
<u>Parent municipality</u>								
FNB	12 Months	Call Deposits	N/A	49 900	6 732	(285 435)	285 435	56 632
TOTAL INVESTMENTS AND INTEREST				49 900	6 732	(285 435)	285 435	56 632

## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

**Table 34 Sources of capital revenue over the MTREF**

Vote Description			2019/20 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
<u>Funded by:</u>								
National Government	285 258		281 797		317 703		342 794	
Provincial Government	-		-		-		-	
District Municipality	-		-		-		-	
Other transfers and grants	-		-		-		-	
Transfers recognised - capital	285 258	91%	281 797	100%	317 703	100%	342 794	100%
Borrowing	-	0%	-	0%	-	0%	-	0%
Internally generated funds	29 279	9%	-	0%	-	0%	-	0%
Total Capital Funding	314 537	100%	281 797	100%	317 703	100%	342 794	100%

**Figure 6 Sources of capital revenue for the 2019/20 financial year**

Capital grants and receipts equates to 14 per cent of the total funding source which represents R285.2 million for the 2018/19 financial year and steadily increase to R317.7 million or 13 per cent by 2019/20. Growth relating to grant receipts is 2.5, 8.1 and 7.6 per cent over the medium-term.

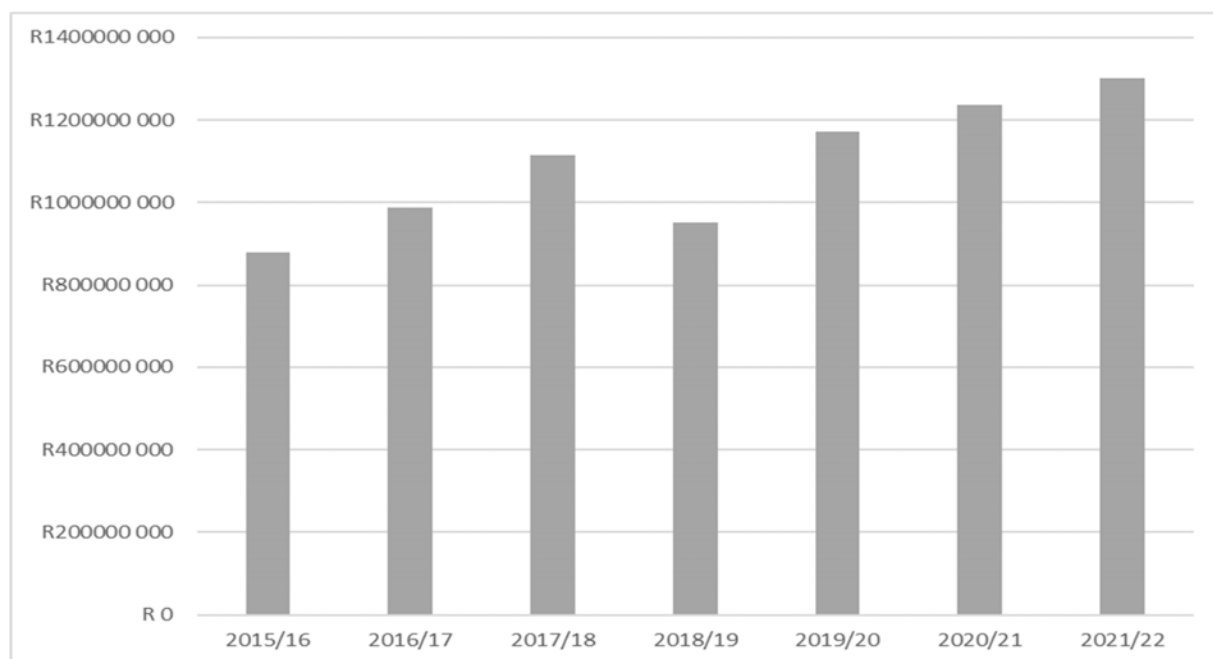
As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits.

The following table is a detailed analysis of the Municipality's borrowing liability.

**Table 35 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorised by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<u>Parent municipality</u>										
Annuity and Bullet Loans		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		879 870	986 965	1 115 456	950 859	950 859	950 859	1 171 342	1 236 937	1 301 258
Total Borrowing	1	879 870	986 965	1 115 456	950 859	950 859	950 859	1 171 342	1 236 937	1 301 258

The following graph illustrates the growth in outstanding borrowing for the 2007/08 to 2019/20 period.



**Table 36 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital Transfers and Grants</b>										
National Government:		284 461	248 907	287 005	285 258	285 258	285 258	281 797	298 503	322 538
Municipal Infrastructure Grant (MIG)		284 461	248 907	287 005	285 258	285 258	285 258	281 797	298 503	322 538
Integrated National Electrification Programme		–	11 304	14 000	–	–	–	–	19 200	20 256
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
<b>Total Capital Transfers and Grants</b>	5	284 461	248 907	287 005	285 258	285 258	285 258	281 797	298 503	322 538

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 37 MBRR Table A7 - Budget cash flow statement**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Property rates		231 127	296 046	258 006	230 000	230 000	200 000	156 937	207 500	223 750	230 293
Service charges		502 745	227 842	646 403	526 000	526 000	596 000	397 294	611 406	654 921	690 003
Other revenue		13 552	32 132	36 225	29 512	65 512	65 512	9 592	20 092	21 167	21 974
Government - operating	1	442 428	504 673	569 142	571 733	572 804	572 804	428 806	699 244	772 980	857 859
Government - capital	1	296 442	263 056	212 007	301 005	301 005	301 005	106 603	281 797	317 703	342 794
Interest		7 717	99 646	90 896	10 500	20 000	20 000	57 537	15 066	15 590	16 370
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(1 196 934)	(1 200 077)	(1 592 069)	(1 308 392)	(1 369 115)	(1 369 115)	(1 041 600)	(1 513 737)	(1 594 945)	(1 677 161)
Finance charges		(0)	(116 410)	(127 974)	-	-	-	-	-	-	-
Transfers and Grants	1				(10 000)	(5 000)	(5 000)	(1 649)	(4 500)	(4 600)	(4 700)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>297 077</b>	<b>106 908</b>	<b>92 635</b>	<b>350 358</b>	<b>341 206</b>	<b>381 206</b>	<b>113 521</b>	<b>316 869</b>	<b>406 566</b>	<b>477 432</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE		-	6 108	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	(16 378)	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(186)	(132)	(253)	-	-	-	-	-	-	-
Payments											
Capital assets		(289 000)	(242 160)	(214 830)	(301 005)	(311 487)	(311 487)	(83 914)	(281 797)	(317 703)	(342 794)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(289 187)</b>	<b>(252 563)</b>	<b>(215 083)</b>	<b>(301 005)</b>	<b>(311 487)</b>	<b>(311 487)</b>	<b>(83 914)</b>	<b>(281 797)</b>	<b>(317 703)</b>	<b>(342 794)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		5 935	113 682	128 491	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(3 629)	(3 826)	(5 717)	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>2 307</b>	<b>109 856</b>	<b>122 774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>10 198</b>	<b>(35 799)</b>	<b>326</b>	<b>49 353</b>	<b>29 719</b>	<b>69 719</b>	<b>29 607</b>	<b>35 072</b>	<b>88 863</b>	<b>134 638</b>
Cash/cash equivalents at the year begin:	2	58 958	69 155	33 366	(29 235)	484	484	484	28 922	63 994	152 857
Cash/cash equivalents at the year end:	2	69 155	33 357	33 692	20 118	30 203	70 203	30 091	63 994	152 857	287 494

## 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years

there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 38 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	69 155	33 357	33 692	20 118	30 203	70 203	30 091	63 994	152 857	287 494
Other current investments > 90 days		3 459	9	-	36 858	26 773	(13 227)	(201 445)	-	-	-
Non current assets - Investments	1	12 643	12 785	13 038	13 689	13 689	13 689	12 793	12 800	12 850	12 900
<b>Cash and investments available:</b>		<b>85 257</b>	<b>46 151</b>	<b>46 730</b>	<b>70 665</b>	<b>70 665</b>	<b>70 665</b>	<b>(158 562)</b>	<b>76 794</b>	<b>165 707</b>	<b>300 394</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	327	987	-	-	-	156 073	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	249 604	378 204	(57 902)	(40 421)	(54 024)	(69 139)	(1 749 204)	(141 562)	(252 583)	(355 471)
Other provisions		169 683	178 224						129 731	136 260	142 790
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>419 287</b>	<b>556 754</b>	<b>(56 914)</b>	<b>(40 421)</b>	<b>(54 024)</b>	<b>(69 139)</b>	<b>(1 593 131)</b>	<b>(11 831)</b>	<b>(116 323)</b>	<b>(212 681)</b>
<b>Surplus(shortfall)</b>		<b>(334 030)</b>	<b>(510 603)</b>	<b>103 644</b>	<b>111 085</b>	<b>124 688</b>	<b>139 803</b>	<b>1 434 569</b>	<b>88 625</b>	<b>282 029</b>	<b>513 075</b>

### 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding



compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 39 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	69 155	33 357	33 692	20 118	30 203	70 203	30 091	63 994	152 857	287 494
Cash + investments at the yr end less applications - R'000	18(1)b	2	(334 030)	(510 603)	103 644	111 085	124 688	139 803	1 434 569	88 625	282 029	513 075
Cash year end/monthly employee/supplier payments	18(1)b	3	0.6	0.3	0.3	0.1	0.2	0.5	0.3	0.4	1.0	1.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	337 134	(312 886)	(217 259)	(116 603)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A	(1.9%)	(11.0%)	6.4%	(6.0%)	(6.0%)	(43.2%)	(8.0%)	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	73.0%	49.0%	88.2%	68.9%	72.1%	75.6%	79.4%	74.7%	76.0%	75.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	24.6%	16.3%	(14.0%)	27.1%	27.1%	27.1%	12.5%	27.2%	22.0%	16.9%
Capital payments % of capital expenditure	18(1)c,(19)	8	100.0%	95.9%	99.1%	105.5%	99.0%	99.0%	59.1%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	102.4%	554.2%	431.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A	65.9%	40.4%	(40.6%)	0.0%	0.0%	519.3%	90.3%	2.0%	3.0%
Long term receivables % change - inc/(decr)	18(1)a	12	N.A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.8%	2.1%	1.8%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	9.5%	8.8%	7.9%	7.9%	0.0%	0.0%	0.0%	0.0%

#### 2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2019/20 MTREF shows R63.9 million, R152.8 million and R287.4 million for each respective financial year.

#### 2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### 2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality

be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 74.7, 76.0 and 75.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 75 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 27.2, 22.0 and 16.9 per cent over the MTREF. Considering the debt incentive

scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position

#### *2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded

#### *2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

#### *2.6.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days.

#### *2.6.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

#### *2.6.5.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 40 MBRR SA19 - Expenditure on transfers and grant programmes**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<b>EXPENDITURE:</b>	<b>1</b>									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		461 993	506 218	571 733	627 887	627 887	627 887	699 244	772 980	857 859
Local Government Equitable Share		457 443	503 048	567 442	624 943	624 943	624 943	695 606	770 313	854 928
EPWP Incentive		2 020	1 545	2 591	1 174	1 174	1 174	1 403	-	-
Municipal Systems Improvement		930	-	-	-	-	-	-	-	-
Finance Management		1 600	1 625	1 700	1 770	1 770	1 770	2 235	2 667	2 931
Municipal Infrastructure Grant		6 000	-	-	-	-	-	-	-	-
Provincial Government:		400	1 000	1 000	-	916	916	-	-	-
Library Grant		400	1 000	1 000	-	916	916	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		<b>462 393</b>	<b>507 218</b>	<b>572 733</b>	<b>627 887</b>	<b>628 803</b>	<b>628 803</b>	<b>699 244</b>	<b>772 980</b>	<b>857 859</b>
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		284 461	260 211	301 005	285 258	285 258	285 258	281 797	317 703	342 794
Municipal Infrastructure Grant (MIG)		248 461	248 907	287 005	285 258	285 258	285 258	281 797	317 703	342 794
Integrated National Electrification Programme		21 000	11 304	14 000	-	-	-	-	-	-
Department Of Water Affairs		15 000	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>284 461</b>	<b>260 211</b>	<b>301 005</b>	<b>285 258</b>	<b>285 258</b>	<b>285 258</b>	<b>281 797</b>	<b>317 703</b>	<b>342 794</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>746 854</b>	<b>767 429</b>	<b>873 738</b>	<b>913 145</b>	<b>914 061</b>	<b>914 061</b>	<b>981 041</b>	<b>1 090 683</b>	<b>1 200 653</b>

**Table 41 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Operating transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		437 744	505 007	779 815	627 887	627 887	627 887	699 244	772 980	857 859
Conditions met - transferred to revenue		437 744	505 007	779 815	627 887	627 887	627 887	699 244	772 980	857 859
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		3 384	361	-	-	-	-	-	-	-
Current year receipts		1 300	1 000	1 000	-	916	916	-	-	-
Conditions met - transferred to revenue		4 684	1 000	673	-	916	916	-	-	-
Conditions still to be met - transferred to liabilities		-	361	327	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>		442 428	506 007	780 488	627 887	628 803	628 803	699 244	772 980	857 859
<b>Total operating transfers and grants - CTBM</b>	2	-	361	327	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year		3 102	-	-	-	-	-	-	-	-
Current year receipts		278 882	260 211	301 005	285 258	285 258	285 258	281 797	317 703	342 794
Conditions met - transferred to revenue		281 983	260 211	301 666	285 258	285 258	285 258	281 797	317 703	342 794
Conditions still to be met - transferred to liabilities		-	-	(661)	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		1 221	(28 110)	(114 698)	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		(1 221)	28 110	114 698	-	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>		283 205	232 101	186 967	285 258	285 258	285 258	281 797	317 703	342 794
<b>Total capital transfers and grants - CTBM</b>	2	(1 221)	28 110	114 038	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		725 633	738 108	967 455	913 145	914 061	914 061	981 041	1 090 683	1 200 653
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		(1 221)	28 471	114 364	-	-	-	-	-	-

## 2.8 Councillor and employee benefits

**Table 42 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	1	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		14 058	14 672	-	-	-	-	-	-	-
Pension and UIF Contributions		1 839	2 215	1 541	1 572	1 572	1 572	1 762	1 857	1 957
Medical Aid Contributions		773	871	1 351	1 364	1 364	1 364	1 539	1 622	1 710
Motor Vehicle Allowance		5 556	6 047	-	-	-	-	-	-	-
Cellphone Allowance		1 501	1 651	3 471	2 258	2 258	2 258	3 471	3 659	3 856
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	24 168	27 176	27 176	27 176	26 469	27 898	29 405
<b>Sub Total - Councillors</b>		23 727	25 456	30 531	32 370	32 370	32 370	33 242	35 037	36 929
% increase	4		7.3%	19.9%	6.0%	-	-	2.7%	5.4%	5.4%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		6 969	7 241	4 001	7 790	7 790	7 790	5 706	6 085	6 414
Pension and UIF Contributions		960	447	533	813	813	813	776	828	872
Medical Aid Contributions		443	401	154	276	276	276	191	204	215
Overtime		-	-	-	2	2	2	-	-	-
Performance Bonus		-	-	68	45	45	45	-	-	-
Motor Vehicle Allowance	3	56	63	684	660	660	660	1 031	1 099	1 159
Cellphone Allowance	3	74	76	55	148	148	148	79	84	88
Housing Allowances	3	2 682	3 423	8	428	428	428	5	5	5
Other benefits and allowances	3	-	-	429	522	522	522	645	688	725
Payments in lieu of leave		-	-	10	-	-	-	354	377	398
Long service awards		-	-	758	0	0	0	-	-	-
Post-retirement benefit obligations	6	-	-	(4 672)	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		11 184	11 651	2 028	10 684	10 684	10 684	8 786	9 370	9 876
% increase	4		4.2%	(82.6%)	426.9%	-	-	(17.8%)	6.7%	5.4%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		176 204	189 301	235 977	221 908	231 377	231 377	284 277	303 181	319 553
Pension and UIF Contributions		56 274	63 724	49 018	49 435	49 435	49 435	59 375	63 324	66 743
Medical Aid Contributions		26 743	29 545	26 634	26 702	26 702	26 702	29 651	31 623	33 330
Overtime		36 047	40 252	38 829	15 877	15 877	15 877	17 793	16 378	15 999
Performance Bonus		-	-	17 518	19 986	19 986	19 986	24 081	25 682	27 069
Motor Vehicle Allowance	3	18 620	19 554	24 327	24 031	24 031	24 031	26 107	27 843	29 346
Cellphone Allowance	3	1 625	2 970	220	219	219	219	310	331	349
Housing Allowances	3	1 311	1 427	2 083	2 169	2 169	2 169	2 407	2 567	2 705
Other benefits and allowances	3	26 441	32 661	7 201	8 440	9 275	9 275	4 370	4 661	4 913
Payments in lieu of leave		4 393	1 216	10 521	11 508	11 508	11 508	12 843	13 698	14 437
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		347 660	380 650	412 328	380 276	390 579	390 579	461 214	489 286	514 444
% increase	4		9.5%	8.3%	(7.8%)	2.7%	-	18.1%	6.1%	5.1%
<b>Total Parent Municipality</b>		382 571	417 757	444 888	423 330	433 634	433 634	503 242	533 693	561 249
			9.2%	6.5%	(4.8%)	2.4%	-	16.1%	6.1%	5.2%
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		382 571	417 757	444 888	423 330	433 634	433 634	503 242	533 693	561 249
% increase	4		9.2%	6.5%	(4.8%)	2.4%	-	16.1%	6.1%	5.2%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	358 844	392 302	414 356	390 960	401 264	401 264	470 000	498 656	524 321

**Table 43 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4	1	316 072	106 285	316 072			738 429
Chief Whip		1	297 823.50	99 317	297 824			694 964
Executive Mayor		1	361 357	189 595	361 357			912 309
Deputy Executive Mayor		-	-	-	-			-
Executive Committee		10	3 320 391.50	984 681	3 320 392			7 625 464
Total for all other councillors		68	10 674 568	1 921 337	10 674 568			23 270 473
<b>Total Councillors</b>	8	81	14 970 212	3 301 215	14 970 212			33 241 639
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)		1	1 200 000	127 263	150 233	-		1 477 496
Chief Finance Officer		1	903 235	229 225	244 903	-		1 377 363
Director Infrastructure Technical Services		1	903 235	229 225	244 903	-		1 377 363
Director Corporate Support Services		1	903 235	229 225	244 903	-		1 377 363
Director Human Settlement Planning		1	903 235	229 225	244 903	-		1 377 363
Director Community Services		1	903 235	229 225	244 903	-		1 377 363
Director Public Safety & Social Services		1	903 235	229 225	244 903	-		1 377 363
Director Economic Development Tourism & Agriculture		1	903 235	229 225	244 903	-		1 377 363
Chief Audit Executive		1	903 235	229 225	244 903	-		1 377 363
<b>Total Senior Managers of the Municipality</b>	8,10	9	8 425 880	1 961 063	2 109 457	-		12 496 400
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	90	23 396 092	5 262 278	17 079 669	-		45 738 039

**Table 44 MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers Number	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		81	81	–	81	81	–	81	81	–
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	10	10	–	10	10	–	10	10	–
Other Managers	7									
Professionals		40	40	10	50	40	13	60	55	25
Finance		40	40	10	50	40	13	60	55	25
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		1 350	651	–	1 458	651	–	1 458	651	–
Finance		50	50	–	58	50	–	58	50	–
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		1 300	601	–	1 400	601	–	1 400	601	–
Clerks (Clerical and administrative)		301	301	–	301	301	–	301	301	–
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		30	21	–	30	21	–	30	21	–
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	1 812	1 104	10	1 930	1 104	13	1 940	1 119	25
% increase					6.5%	–	30.0%	0.5%	1.4%	92.3%
<b>Total municipal employees headcount</b>	6, 10	1 731	1 023	10	1 930	1 104	13	1 970	1 230	25
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

## 2.9 Monthly targets for revenue, expenditure and cash flow



**Table 45 MBRR SA25 - Budgeted monthly revenue and expenditure**

Description		Ref	Budget Year 2019/20											Medium Term Revenue and Expenditure Framework			
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source																	
Property rates			22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	22 500	270 000	285 000	300 390	
Service charges - electricity revenue			39 583	39 583	39 583	39 583	39 583	39 583	39 583	39 583	39 583	39 583	39 583	475 000	500 650	527 627	
Service charges - water revenue			13 467	13 467	13 467	13 467	13 467	13 467	13 467	13 467	13 467	13 467	13 467	161 600	170 254	179 411	
Service charges - sanitation revenue			4 356	4 356	4 356	4 356	4 356	4 356	4 356	4 356	4 356	4 356	4 356	52 275	55 097	58 072	
Service charges - refuse revenue			4 417	4 417	4 417	4 417	4 417	4 417	4 417	4 417	4 417	4 417	4 417	53 000	55 862	58 878	
Rental of facilities and equipment			115	115	115	115	115	115	115	115	115	115	115	1 386	1 461	1 540	
Interest earned - external investments			561	561	561	561	561	561	561	561	561	561	561	6 732	7 090	7 470	
Interest earned - outstanding debtors			7 593	7 593	7 593	7 593	7 593	7 593	7 593	7 593	7 593	7 593	7 593	91 112	96 032	101 216	
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits			83	83	83	83	83	83	83	83	83	83	83	1 001	1 055	1 112	
Licences and permits			177	177	177	177	177	177	177	177	177	177	177	2 127	2 241	2 362	
Agency services			1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	12 648	13 000	
Transfers and subsidies			251 380	81 753	2 235	-	-	192 121	-	-	171 755	-	-	699 244	772 980	857 859	
Other revenue			298	298	298	298	298	298	298	298	298	298	298	3 579	3 762	3 960	
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)			345 531	175 904	96 386	94 151	94 151	286 272	94 151	94 151	265 906	94 151	94 151	94 151	1 829 055	1 964 132	2 112 897
Expenditure By Type																	
Employee related costs			39 167	39 167	39 167	39 167	39 167	39 167	39 167	39 167	39 167	39 167	39 166	470 000	498 656	524 321	
Remuneration of councillors			2 770	2 770	2 770	2 770	2 770	2 770	2 770	2 770	2 770	2 770	2 770	33 242	35 037	36 929	
Debt impairment			22 917	22 917	22 917	22 917	22 917	22 917	22 917	22 917	22 917	22 917	22 917	275 000	235 000	190 000	
Depreciation & asset impairment			40 833	40 833	40 833	40 833	40 833	40 833	40 833	40 833	40 833	40 833	40 833	490 000	516 460	544 349	
Finance charges			11 708	11 708	11 708	11 708	11 708	11 708	11 708	11 708	11 708	11 708	11 708	140 501	148 088	156 085	
Bulk purchases			46 667	46 667	46 667	46 667	46 667	46 667	46 667	46 667	46 667	46 667	46 667	560 000	590 240	622 113	
Other materials			2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	26 320	27 741	29 239	
Contracted services			19 590	19 590	19 590	19 590	19 590	19 590	19 590	19 590	19 590	19 590	19 590	235 075	243 959	254 485	
Transfers and subsidies			375	375	375	375	375	375	375	375	375	375	375	4 500	4 600	4 700	
Other expenditure			15 758	15 758	15 758	15 758	15 758	15 758	15 758	15 758	15 758	15 758	15 758	189 101	199 312	210 075	
Loss on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure			201 978	201 978	201 978	201 978	201 978	201 978	201 978	201 978	201 978	201 978	201 978	2 423 738	2 499 093	2 572 295	
Surplus/(Deficit)			143 553	(26 074)	(105 592)	(107 827)	(107 827)	84 294	(107 827)	(107 827)	63 927	(107 827)	(107 827)	(594 683)	(534 962)	(459 397)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			169 121	-	-	-	-	65 990	-	-	46 686	-	-	281 797	317 703	342 794	
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions			312 674	(26 074)	(105 592)	(107 827)	(107 827)	150 284	(107 827)	(107 827)	110 613	(107 827)	(107 827)	(312 886)	(217 259)	(116 603)	
Taxation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)		1	312 674	(26 074)	(105 592)	(107 827)	(107 827)	150 284	(107 827)	(107 827)	110 613	(107 827)	(107 827)	(312 886)	(217 259)	(116 603)	

**Table 46 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	366 569	1 299 060	1 427 767	1 555 936
Vote 06 - Infrastructure And Technical Services		84 424	84 424	84 424	84 424	84 424	84 424	84 424	84 424	84 424	84 424	84 424	(197 372)	731 297	770 714	812 237
Vote 07 - Community Services		5 095	5 095	5 095	5 095	5 095	5 095	5 095	5 095	5 095	5 095	5 095	5 095	61 139	64 440	67 919
Vote 08 - Human Settlement		229	229	229	229	229	229	229	229	229	229	229	229	2 743	2 881	3 032
Vote 09 - Economic Dev, Tourism & Agriculture		127	127	127	127	127	127	127	127	127	127	127	127	1 530	133	141
Vote 10 - Public Safety, Fleet And Facilities Management		1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	15 084	15 899	16 426
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>175 904</b>	<b>2 110 852</b>	<b>2 281 835</b>	<b>2 455 691</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 01 - Executive Council		5 725	5 725	5 725	5 725	5 725	5 725	5 725	5 725	5 725	5 725	5 725	5 725	68 700	72 680	76 605
Vote 02 - Municipal Manager		348	348	348	348	348	348	348	348	348	348	348	348	4 173	4 424	4 662
Vote 03 - Chief Operating Officer		1 959	1 959	1 959	1 959	1 959	1 959	1 959	1 959	1 959	1 959	1 959	1 959	23 505	25 012	26 363
Vote 04 - Corporate Support Services		6 694	6 694	6 694	6 694	6 694	6 694	6 694	6 694	6 694	6 694	6 694	6 694	80 326	84 775	89 204
Vote 05 - Budget And Treasury Office		84 867	84 867	84 867	84 867	84 867	84 867	84 867	84 867	84 867	84 867	84 867	84 867	1 018 405	1 019 337	1 016 691
Vote 06 - Infrastructure And Technical Services		67 270	67 270	67 270	67 270	67 270	67 270	67 270	67 270	67 270	67 270	67 270	67 270	807 244	849 579	894 393
Vote 07 - Community Services		10 791	10 791	10 791	10 791	10 791	10 791	10 791	10 791	10 791	10 791	10 791	10 790	129 487	133 834	138 214
Vote 08 - Human Settlement		2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	2 351	28 217	30 054	31 677
Vote 09 - Economic Dev, Tourism & Agriculture		1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	14 373	15 289	16 114
Vote 10 - Public Safety, Fleet And Facilities Management		19 938	19 938	19 938	19 938	19 938	19 938	19 938	19 938	19 938	19 938	19 938	19 938	239 262	253 415	267 099
Vote 11 - Internal Audit		827	827	827	827	827	827	827	827	827	827	827	827	9 920	10 561	11 132
Vote 12 - Risk Management		11	11	11	11	11	11	11	11	11	11	11	11	126	133	140
<b>Total Expenditure by Vote</b>		<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>201 978</b>	<b>2 423 738</b>	<b>2 499 093</b>	<b>2 572 295</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 073)</b>	<b>(312 886)</b>	<b>(217 259)</b>	<b>(116 603)</b>
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 074)</b>	<b>(26 073)</b>	<b>(312 886)</b>	<b>(217 259)</b>	<b>(116 603)</b>

**Table 47 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>																
<i>Governance and administration</i>		84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	1 017 263	1 110 064	1 213 142
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Finance and administration		84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	84 772	1 017 263	1 110 064	1 213 142
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		196	196	196	196	196	196	196	196	196	196	196	196	2 353	2 480	2 614
Community and social services		108	108	108	108	108	108	108	108	108	108	108	108	1 292	1 362	1 436
Sport and recreation		5	5	5	5	5	5	5	5	5	5	5	5	60	63	66
Public safety		83	83	83	83	83	83	83	83	83	83	83	83	1 001	1 055	1 112
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		25 006	25 006	25 006	25 006	25 006	25 006	25 006	25 006	25 006	25 006	25 006	25 006	300 070	335 474	361 188
Planning and development		23 839	23 839	23 839	23 839	23 839	23 839	23 839	23 839	23 839	23 839	23 839	23 839	286 070	320 718	345 967
Road transport		1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	1 167	14 000	14 756	15 222
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<i>Trading services</i>		65 924	65 924	65 924	65 924	65 924	65 924	65 924	65 924	65 924	65 924	65 924	65 924	791 084	833 729	878 654
Energy sources		40 622	40 622	40 622	40 622	40 622	40 622	40 622	40 622	40 622	40 622	40 622	40 622	487 467	513 791	541 477
Water management		15 328	15 328	15 328	15 328	15 328	15 328	15 328	15 328	15 328	15 328	15 328	15 328	183 938	193 799	204 227
Waste water management		4 991	4 991	4 991	4 991	4 991	4 991	4 991	4 991	4 991	4 991	4 991	4 991	59 891	63 124	66 533
Waste management		4 982	4 982	4 982	4 982	4 982	4 982	4 982	4 982	4 982	4 982	4 982	4 982	59 787	63 015	66 417
<i>Other</i>		7	7	7	7	7	7	7	7	7	7	7	7	83	87	92
<b>Total Revenue - Functional</b>		175 904	175 904	175 904	175 904	175 904	175 904	175 904	175 904	175 904	175 904	175 904	175 904	2 110 852	2 281 835	2 455 691
<b>Expenditure - Functional</b>																
<i>Governance and administration</i>		112 835	112 835	112 835	112 835	112 835	112 835	112 835	112 835	112 835	112 835	112 835	112 835	1 354 025	1 373 970	1 390 326
Executive and council		7 502	7 502	7 502	7 502	7 502	7 502	7 502	7 502	7 502	7 502	7 502	7 502	90 029	95 388	100 539
Finance and administration		104 506	104 506	104 506	104 506	104 506	104 506	104 506	104 506	104 506	104 506	104 506	104 506	1 254 076	1 268 021	1 278 656
Internal audit		827	827	827	827	827	827	827	827	827	827	827	827	9 920	10 561	11 132
<i>Community and public safety</i>		11 485	11 485	11 485	11 485	11 485	11 485	11 485	11 485	11 485	11 485	11 485	11 485	137 815	146 788	154 714
Community and social services		2 405	2 405	2 405	2 405	2 405	2 405	2 405	2 405	2 405	2 405	2 405	2 405	28 862	30 671	32 327
Sport and recreation		1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	1 865	22 382	23 823	25 110
Public safety		6 196	6 196	6 196	6 196	6 196	6 196	6 196	6 196	6 196	6 196	6 196	6 196	74 357	79 274	83 555
Housing		411	411	411	411	411	411	411	411	411	411	411	411	4 937	5 260	5 544
Health		606	606	606	606	606	606	606	606	606	606	606	606	7 277	7 759	8 178
<i>Economic and environmental services</i>		9 159	9 159	9 159	9 159	9 159	9 159	9 159	9 159	9 159	9 159	9 159	9 159	109 910	116 819	123 128
Planning and development		3 764	3 764	3 764	3 764	3 764	3 764	3 764	3 764	3 764	3 764	3 764	3 764	45 165	48 096	50 693
Road transport		5 335	5 335	5 335	5 335	5 335	5 335	5 335	5 335	5 335	5 335	5 335	5 335	64 023	67 953	71 622
Environmental protection		60	60	60	60	60	60	60	60	60	60	60	60	722	770	812
<i>Trading services</i>		68 249	68 249	68 249	68 249	68 249	68 249	68 249	68 249	68 249	68 249	68 249	68 249	818 994	858 333	900 771
Energy sources		41 793	41 793	41 793	41 793	41 793	41 793	41 793	41 793	41 793	41 793	41 793	41 793	501 522	528 256	556 701
Water management		18 779	18 779	18 779	18 779	18 779	18 779	18 779	18 779	18 779	18 779	18 779	18 779	225 344	236 691	248 570
Waste water management		2 928	2 928	2 928	2 928	2 928	2 928	2 928	2 928	2 928	2 928	2 928	2 928	35 140	36 685	38 585
Waste management		4 749	4 749	4 749	4 749	4 749	4 749	4 749	4 749	4 749	4 749	4 749	4 749	56 988	56 701	56 915
<i>Other</i>		249	249	249	249	249	249	249	249	249	249	249	249	2 994	3 183	3 355
<b>Total Expenditure - Functional</b>		201 978	201 978	201 978	201 978	201 978	201 978	201 978	201 978	201 978	201 978	201 978	201 978	2 423 738	2 499 093	2 572 295
<b>Surplus/(Deficit) before assoc.</b>		(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 073)	(312 886)	(217 259)	(116 603)
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit)</b>	1	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 074)	(26 073)	(312 886)	(217 259)	(116 603)

**Table 48 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Single-year expenditure <i>to be appropriated</i>																
Vote 01 - Executive Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	281 797	317 703	342 794
Vote 07 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Economic Dev, Tourism & Agriculture		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety, Fleet And Facilities Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	281 797	317 703	342 794
Total Capital Expenditure	2	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	281 797	317 703	342 794

**Table 49 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description R thousand	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital Expenditure - Functional</b>	<b>1</b>															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	77 000	88 000	84 000
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	6 417	77 000	88 000	84 000
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		17 066	17 066	17 066	17 066	17 066	17 066	17 066	17 066	17 066	17 066	17 066	17 066	204 797	229 703	258 794
Energy sources		1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	1 399	16 787	36 703	38 794
Water management		11 250	11 250	11 250	11 250	11 250	11 250	11 250	11 250	11 250	11 250	11 250	11 250	135 000	120 000	142 000
Waste water management		4 418	4 418	4 418	4 418	4 418	4 418	4 418	4 418	4 418	4 418	4 418	4 418	53 010	73 000	78 000
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	<b>2</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>281 797</b>	<b>317 703</b>	<b>342 794</b>
<b>Funded by:</b>																
National Government		23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	281 797	317 703	342 794
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	281 797	317 703	342 794
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>		<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>23 483</b>	<b>281 797</b>	<b>317 703</b>	<b>342 794</b>

**Table 50 MBRR SA30 - Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand															
Cash Receipts By Source													1		
Property rates	17 292	17 292	17 292	17 292	17 292	17 292	17 292	17 292	17 292	17 292	17 292	17 292	207 500	223 750	230 293
Service charges - electricity revenue	31 354	31 354	31 354	31 354	31 354	31 354	31 354	31 354	31 354	31 354	31 354	31 354	376 250	409 011	432 732
Service charges - water revenue	11 350	11 350	11 350	11 350	11 350	11 350	11 350	11 350	11 350	11 350	11 350	11 350	136 200	142 691	149 558
Service charges - sanitation revenue	4 101	4 101	4 101	4 101	4 101	4 101	4 101	4 101	4 101	4 101	4 101	4 101	49 206	51 323	53 554
Service charges - refuse revenue	4 146	4 146	4 146	4 146	4 146	4 146	4 146	4 146	4 146	4 146	4 146	4 146	49 750	51 897	54 159
Rental of facilities and equipment	115	115	115	115	115	115	115	115	115	115	115	115	1 386	1 461	1 540
Interest earned - external investments	561	561	561	561	561	561	561	561	561	561	561	561	6 732	7 090	7 470
Interest earned - outstanding debtors	695	695	695	695	695	695	695	695	695	695	695	695	8 334	8 500	8 900
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	83	83	83	83	83	83	83	83	83	83	83	83	1 001	1 055	1 112
Licences and permits	177	177	177	177	177	177	177	177	177	177	177	177	2 127	2 241	2 362
Agency services	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	12 648	13 000
Transfer receipts - operational	320 165	-	-	-	250 945	-	-	-	128 134	-	-	-	699 244	772 980	857 859
Other revenue	298	298	298	298	298	298	298	298	298	298	298	298	3 579	3 762	3 960
Cash Receipts by Source	391 337	71 172	71 172	71 172	322 117	71 172	71 172	71 172	199 306	71 172	71 172	71 172	1 553 309	1 688 408	1 816 499
Other Cash Flows by Source															
Transfer receipts - capital	-	120 673	-	-	-	88 321	-	-	72 803	-	-	-	281 797	317 703	342 794
allocations) (National / Provincial Departmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	391 337	191 845	71 172	71 172	322 117	159 493	71 172	71 172	272 109	71 172	71 172	71 172	1 835 106	2 006 111	2 159 293
Cash Payments by Type															
Employee related costs	39 167	39 167	39 167	39 167	39 167	39 167	39 167	39 167	39 167	39 167	39 167	39 167	470 000	498 656	524 321
Remuneration of councillors	2 770	2 770	2 770	2 770	2 770	2 770	2 770	2 770	2 770	2 770	2 770	2 770	33 242	35 037	36 929
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	37 500	37 500	37 500	37 500	37 500	37 500	37 500	37 500	37 500	37 500	37 500	37 500	450 000	474 300	499 912
Bulk purchases - Water & Sewer	9 167	9 167	9 167	9 167	9 167	9 167	9 167	9 167	9 167	9 167	9 167	9 167	110 000	115 940	122 201
Other materials	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	2 193	26 320	27 741	29 239
Contracted services	19 590	19 590	19 590	19 590	19 590	19 590	19 590	19 590	19 590	19 590	19 590	19 590	235 075	243 959	254 485
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	4 500	-	-	-	-	-	-	-	-	-	-	-	4 500	4 600	4 700
Other expenditure	15 758	15 758	15 758	15 758	15 758	15 758	15 758	15 758	15 758	15 758	15 758	15 758	189 101	199 312	210 075
Cash Payments by Type	130 645	126 145	126 145	126 145	126 145	126 145	126 145	126 145	126 145	126 145	126 145	126 145	1 518 237	1 599 545	1 681 861
Other Cash Flows/Payments by Type															
Capital assets	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	23 483	281 797	317 703	342 794
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	154 128	149 628	149 628	149 628	149 628	149 628	149 628	149 628	149 628	149 628	149 628	149 628	1 800 034	1 917 248	2 024 655
NET INCREASE/(DECREASE) IN CASH HELD	237 209	42 217	(78 456)	(78 456)	172 489	9 865	(78 456)	(78 456)	122 481	(78 456)	(78 456)	(78 456)	35 072	88 863	134 638
Cash/cash equivalents at the month/year begin:	28 922	266 132	308 349	229 893	151 437	323 926	333 792	255 336	176 880	299 361	220 905	142 450	28 922	63 994	152 857
Cash/cash equivalents at the month/year end:	266 132	308 349	229 893	151 437	323 926	333 792	255 336	176 880	299 361	220 905	142 450	63 994	63 994	152 857	287 494

## **2.10 Annual budgets and SDBIPs – internal departments**

The SDBIP's for the different departments will in terms of section 53(1)(c)(ii) of the MFMA be tabled and approved by the mayor within 28 days after the approval of the annual budget

## **2.11 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.12 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 51 MBRR SA 34a - Capital expenditure on new assets by asset class**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		260 410	216 850	90 213	145 000	145 000	145 000	281 797	317 703	342 794
Roads Infrastructure		131 631	100 168	-	-	-	-	77 000	88 000	84 000
Roads		131 631	100 168					77 000	88 000	84 000
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		22 000	11 519	-	-	-	-	16 787	36 703	38 794
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks		22 000	10 766					16 787	36 703	38 794
LV Networks										
Capital Spares			753							
Water Supply Infrastructure		86 271	75 640	77 158	120 000	120 000	120 000	135 000	120 000	142 000
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution		86 271	75 640	77 158	120 000	120 000	120 000	135 000	120 000	142 000
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		20 509	29 522	13 055	25 000	25 000	25 000	53 010	73 000	78 000
Pump Station										
Reticulation								53 010	73 000	78 000
Waste Water Treatment Works		20 509	-	13 055	25 000	25 000	25 000			
Outfall Sewers		-	29 522	-	-	-	-			
Toilet Facilities		-	-	-	-	-	-			
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
<b>Community Assets</b>		25 189	2 730	-	9 500	9 500	9 500	-	-	-
Community Facilities		11 098	720	-	-	-	-	-	-	-
Halls		9 107								
Centres										



<i>Crèches</i>										
<i>Clinics/Care Centres</i>										
<i>Fire/Ambulance Stations</i>										
<i>Testing Stations</i>										
<i>Museums</i>										
<i>Galleries</i>										
<i>Theatres</i>										
<i>Libraries</i>		1 990	296							
<i>Cemeteries/Crematoria</i>										
<i>Police</i>										
<i>Parks</i>										
<i>Public Open Space</i>										
<i>Nature Reserves</i>										
<i>Public Ablution Facilities</i>										
<i>Markets</i>										
<i>Stalls</i>		-	-	-	-	-	-	-	-	-
<i>Abattoirs</i>										
<i>Airports</i>										
<i>Taxi Ranks/Bus Terminals</i>										
<i>Capital Spares</i>			425							
<b>Sport and Recreation Facilities</b>		14 091	2 010	-	9 500	9 500	9 500	-	-	-
<i>Indoor Facilities</i>										
<i>Outdoor Facilities</i>		14 091	2 010	-	9 500	9 500	9 500	-	-	-
<i>Capital Spares</i>										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
<i>Monuments</i>										
<i>Historic Buildings</i>										
<i>Works of Art</i>										
<i>Conservation Areas</i>										
<i>Other Heritage</i>										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Improved Property</i>										
<i>Unimproved Property</i>										
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Improved Property</i>										
<i>Unimproved Property</i>										
<b>Other assets</b>		1 816	12 522	-	-	-	-	-	-	-
<i>Operational Buildings</i>		1 816	12 522	-	-	-	-	-	-	-
<i>Municipal Offices</i>		1 816								
<i>Pay/Enquiry Points</i>										
<i>Building Plan Offices</i>										
<i>Workshops</i>										
<i>Yards</i>										
<i>Stores</i>										
<i>Laboratories</i>										
<i>Training Centres</i>										
<i>Manufacturing Plant</i>										
<i>Depots</i>										
<i>Capital Spares</i>			12 522							
<b>Housing</b>		-	-	-	-	-	-	-	-	-
<i>Staff Housing</i>										
<i>Social Housing</i>										
<i>Capital Spares</i>										
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<i>Biological or Cultivated Assets</i>										
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>										
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
<i>Water Rights</i>										
<i>Effluent Licenses</i>										
<i>Solid Waste Licenses</i>										
<i>Computer Software and Applications</i>										
<i>Load Settlement Software Applications</i>										
<i>Unspecified</i>										
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-
<i>Computer Equipment</i>										
<b>Furniture and Office Equipment</b>		1 585	1 065	4 593	-	29 279	29 279	-	-	-
<i>Furniture and Office Equipment</i>		1 585	1 065	4 593	-	29 279	29 279	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
<i>Machinery and Equipment</i>										
<b>Transport Assets</b>		-	19 449	16 437	-	-	-	-	-	-
<i>Transport Assets</i>		-	19 449	16 437	-	-	-	-	-	-
<b>Land</b>		-	-	1 393	-	-	-	-	-	-
<i>Land</i>		-	-	1 393	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>										
<b>Total Capital Expenditure on new assets</b>	1	289 000	252 614	112 636	154 500	183 779	183 779	281 797	317 703	342 794

**Table 52 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	15 381	24 971	24 971	24 971	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	14 352	24 971	24 971	24 971	-	-	-
<i>LV Networks</i>		-	-	14 352	24 971	24 971	24 971			
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	1 029	-	-	-	-	-	-
<i>Landfill Sites</i>		-	-	1 029	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	5 292	-	-	-	-	-	-
Community Facilities		-	-	5 292	-	-	-	-	-	-
<i>Taxi Ranks/Bus Terminals</i>		-	-	5 292	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		-	-	-	-	-	-	-	-	-
<b>Land</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	1	-	-	20 673	24 971	24 971	24 971	-	-	-

**Table 53 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
Infrastructure		98 116	105 932	90 417	85 900	86 835	86 835	82 200	86 639	91 317
Roads Infrastructure		32 564	11 070	1 625	10 300	10 300	10 300	6 600	6 956	7 332
Roads										
Road Structures		32 564	11 070	1 168	8 000	8 000	8 000	5 000	5 270	5 555
Road Furniture		-	-	457	2 300	2 300	2 300	1 600	1 686	1 777
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		34 900	22 000	26 410	20 500	25 500	25 500	26 000	27 404	28 884
Power Plants		34 900	22 000	25 914	20 000	25 500	25 500	26 000	27 404	28 884
LV Networks		-	-	496	500	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		22 866	44 550	54 283	39 800	37 800	37 800	35 800	37 733	39 771
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	691	1 000	1 000	1 000	1 000	1 054	1 111
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		22 866	44 550	35 656	21 800	21 800	21 800	21 800	22 977	24 218
Bulk Mains		-	-	6 451	7 000	5 000	5 000	5 000	5 270	5 555
Distribution		-	-	11 485	10 000	10 000	10 000	8 000	8 432	8 887
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		7 306	27 000	7 694	9 500	10 435	10 435	10 000	10 540	11 109
Pump Station		7 306	27 000	7 694	9 500	10 435	10 435	10 000	10 540	11 109
Solid Waste Infrastructure		479	1 312	148	800	800	800	800	843	889
Landfill Sites		479	1 312	148	800	800	800	800	843	889
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	257	5 000	2 000	2 000	3 000	3 162	3 333
Data Centres		-	-	257	5 000	2 000	2 000	3 000	3 162	3 333
Community Assets		4 102	5 250	2 588	3 683	3 578	3 578	2 630	2 772	2 922
Community Facilities		4 102	5 250	2 588	3 578	3 578	3 578	2 600	2 740	2 888
Cemeteries/Crematoria		4 102	5 250	1 252	1 578	1 578	1 578	800	843	889
Police		-	-	689	1 000	1 000	1 000	1 000	1 054	1 111
Parks		-	-	647	1 000	1 000	1 000	800	843	889
Public Open Space		-	-	-	105	-	-	30	32	33
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	105	-	-	30	32	33
Capital Spares		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Other assets		7 993	10 886	26	70	70	70	70	74	78
Operational Buildings		7 993	10 886	26	70	70	70	70	74	78
Municipal Offices		7 993	10 886	26	70	70	70	70	74	78
Housing		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	492	2 140	1 850	1 850	1 810	1 908	2 011
Machinery and Equipment		-	-	492	2 140	1 850	1 850	1 810	1 908	2 011
Transport Assets		2 375	-	3 294	1 000	1 050	1 050	1 000	1 054	1 111
Transport Assets		2 375	-	3 294	1 000	1 050	1 050	1 000	1 054	1 111
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	112 585	122 069	96 818	92 793	93 383	93 383	87 710	92 446	97 438

**Table 54 MBRR SA35 - Future financial implications of the capital budget**

Vote Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	<b>1</b>							
Vote 01 - Executive Council		-	-	-	-	-	-	-
Vote 02 - Municipal Manager		-	-	-	-	-	-	-
Vote 03 - Chief Operating Officer		-	-	-	-	-	-	-
Vote 04 - Corporate Support Services		-	-	-	-	-	-	-
Vote 05 - Budget And Treasury Office		-	-	-	-	-	-	-
Vote 06 - Infrastructure And Technical Services		281 797	317 703	342 794	-	-	-	-
Vote 07 - Community Services		-	-	-	-	-	-	-
Vote 08 - Human Settlement		-	-	-	-	-	-	-
Vote 09 - Economic Dev, Tourism & Agriculture		-	-	-	-	-	-	-
Vote 10 - Public Safety, Fleet And Facilities Management		-	-	-	-	-	-	-
Vote 11 - Internal Audit		-	-	-	-	-	-	-
Vote 12 - Risk Management		-	-	-	-	-	-	-
Vote 13 - [Name Of Vote 13]		-	-	-	-	-	-	-
Vote 14 - [Name Of Vote 14]		-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>281 797</b>	<b>317 703</b>	<b>342 794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Future operational costs by vote</b>	<b>2</b>							
Vote 01 - Executive Council		68 700	72 680	76 605				
Vote 02 - Municipal Manager		4 173	4 424	4 662				
Vote 03 - Chief Operating Officer		23 505	25 012	26 363				
Vote 04 - Corporate Support Services		80 326	84 775	89 204				
Vote 05 - Budget And Treasury Office		1 018 405	1 019 337	1 016 691				
Vote 06 - Infrastructure And Technical Services		807 244	849 579	894 393				
Vote 07 - Community Services		129 487	133 834	138 214				
Vote 08 - Human Settlement		28 217	30 054	31 677				
Vote 09 - Economic Dev, Tourism & Agriculture		14 373	15 289	16 114				
Vote 10 - Public Safety, Fleet And Facilities Management		239 262	253 415	267 099				
Vote 11 - Internal Audit		9 920	10 561	11 132				
Vote 12 - Risk Management		126	133	140				
Vote 13 - [Name Of Vote 13]		-	-	-				
Vote 14 - [Name Of Vote 14]		-	-	-				
Vote 15 - Other		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		<b>2 423 738</b>	<b>2 499 093</b>	<b>2 572 295</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Future revenue by source</b>	<b>3</b>							
Property rates		270 000	285 000	300 390				
Service charges - electricity revenue		475 000	500 650	527 627				
Service charges - water revenue		161 600	170 254	179 411				
Service charges - sanitation revenue		52 275	55 097	58 072				
Service charges - refuse revenue		53 000	55 862	58 878				
Rental of facilities and equipment		1 386	1 461	1 540				
<i>List other revenues sources if applicable</i>		6 732	7 090	7 470				
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		<b>1 019 993</b>	<b>1 075 414</b>	<b>1 133 387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Financial Implications</b>		<b>1 685 542</b>	<b>1 741 383</b>	<b>1 781 701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 55 MBRR SA36 - Detailed capital budget per municipal vote

R thousand	Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	2019/20 Medium Term Revenue & Expenditure Framework				
													Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality: List all capital projects grouped by Function																	
	Executive And Council	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			86	28	-	-	-
	Finance And Administration	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			3 880	28 851	-	-	-
	Finance And Administration	Capital Non-Infrastructure New Transport Assets	-	NEW		Growth		Transport Assets	Transport Assets	R-WHOLE OF MUNICIPALITY			16 437	-	-	-	-
	Internal Audit	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			10	51	-	-	-
	Community And Social Services	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			488	-	-	-	-
	Sport And Recreation	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			26	-	-	-	-
	Sport And Recreation	Infrastructure Existing Upgrading Community Assets Sport And Recreation Facilities Indoor	-	UPGRADING	A long and healthy life for all South Africans	Inclusion and Access		Sport And Recreation Facilities	Indoor Facilities	R-WARD 03			898	-	-	-	-
	Sport And Recreation	Capital Non-Infrastructure New Community Assets Sport And Recreation Facilities Outdoor	PA2_S03_OS04_Sp	NEW	A long and healthy life for all South Africans	Growth		Sport And Recreation Facilities	Outdoor Facilities	R-WARD 06			-	9 500	-	-	-
	Public Safety	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			-	7	-	-	-
	Housing	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			93	-	-	-	-
	Planning And Development	Capital Non-Infrastructure Land	-	NEW		Spatial Integration		Land	Land	R-WHOLE OF MUNICIPALITY			1 393	-	-	-	-
	Road Transport	Capital Infrastructure Existing Upgrading Roads Infrastructure Roads	-	UPGRADING	competitive and responsive economic infrastructure	Inclusion and Access		Roads Infrastructure	Roads	R-WARD 01			6 306	-	-	-	-
	Road Transport	Capital Infrastructure Existing Upgrading Roads Infrastructure Roads	-	UPGRADING	competitive and responsive economic infrastructure	Inclusion and Access		Roads Infrastructure	Roads	R-WARD 02			16 839	11 000	11 000	12 000	12 000
	Road Transport	Capital Infrastructure Existing Upgrading Roads Infrastructure Roads	-	UPGRADING	competitive and responsive economic infrastructure	Inclusion and Access		Roads Infrastructure	Roads	R-WARD 03			7 714	11 000	11 000	14 000	12 000
	Road Transport	Capital Infrastructure Existing Upgrading Roads Infrastructure Roads	-	UPGRADING	competitive and responsive economic infrastructure	Inclusion and Access		Roads Infrastructure	Roads	R-WARD 04			8 492	11 000	11 000	12 000	12 000
	Road Transport	Capital Infrastructure Existing Upgrading Roads Infrastructure Roads	-	UPGRADING	competitive and responsive economic infrastructure	Inclusion and Access		Roads Infrastructure	Roads	R-WARD 07			9 178	11 000	11 000	13 000	12 000
	Road Transport	Capital Infrastructure Existing Upgrading Roads Infrastructure Roads	-	UPGRADING	competitive and responsive economic infrastructure	Inclusion and Access		Roads Infrastructure	Roads	R-WARD 09			14 529	28 787	11 000	13 000	12 000
	Road Transport	Capital Infrastructure Existing Upgrading Roads Infrastructure Roads	-	UPGRADING	competitive and responsive economic infrastructure	Inclusion and Access		Roads Infrastructure	Roads	R-WARD 15			7 505	11 000	11 000	12 000	12 000
	Road Transport	Capital Infrastructure Existing Upgrading Roads Infrastructure Roads	-	UPGRADING	competitive and responsive economic infrastructure	Inclusion and Access		Roads Infrastructure	Roads	R-WARD 17			1 089	11 000	-	-	-
	Road Transport	Capital Infrastructure Existing Upgrading Roads Infrastructure Roads	-	UPGRADING	competitive and responsive economic infrastructure	Inclusion and Access		Roads Infrastructure	Roads	R-WARD 21			10 866	11 000	11 000	12 000	12 000
	Road Transport	L Non-Infrastructure Existing Renewal Community Assets Community Facilities Taxi Ranks	-	RENEWAL	ient: effective and development-oriented public	Inclusion and Access		Community Facilities	Taxi Ranks Bus Terminals	R-WARD 13			513	-	-	-	-
	Road Transport	L Non-Infrastructure Existing Renewal Community Assets Community Facilities Taxi Ranks	-	RENEWAL	ient: effective and development-oriented public	Inclusion and Access		Community Facilities	Taxi Ranks Bus Terminals	R-WHOLE OF MUNICIPALITY			4 779	-	-	-	-
	Road Transport	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			4	306	-	-	-
	Energy Sources	Capital Infrastructure Existing Renewal Electrical Infrastructure Lv Networks	-	RENEWAL	competitive and responsive economic infrastructure	Inclusion and Access		Electrical Infrastructure	Lv Networks	R-WARD 14			-	12 475	14 090	34 125	36 383
	Energy Sources	Capital Infrastructure Existing Renewal Electrical Infrastructure Lv Networks	-	RENEWAL	competitive and responsive economic infrastructure	Inclusion and Access		Electrical Infrastructure	Lv Networks	R-WARD 15			14 352	2 250	2 697	2 578	2 411
	Water Management	Capital Infrastructure New Water Supply Infrastructure Distribution	-	NEW	competitive and responsive economic infrastructure	Growth		Water Supply Infrastructure	Distribution	R-WARD 01			1 598	10 000	15 000	15 000	15 000
	Water Management	Capital Infrastructure New Water Supply Infrastructure Distribution	-	NEW	competitive and responsive economic infrastructure	Growth		Water Supply Infrastructure	Distribution	R-WARD 03			20 594	35 000	40 000	40 000	47 000
	Water Management	Capital Infrastructure New Water Supply Infrastructure Distribution	-	NEW	competitive and responsive economic infrastructure	Growth		Water Supply Infrastructure	Distribution	R-WARD 08			8 691	30 000	35 000	30 000	35 000
	Water Management	Capital Infrastructure New Water Supply Infrastructure Distribution	-	NEW	competitive and responsive economic infrastructure	Growth		Water Supply Infrastructure	Distribution	R-WARD 10			46 276	45 000	45 000	35 000	45 000
	Water Management	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			-	7	-	-	-
	Waste Water Management	Capital Infrastructure New Sanitation Infrastructure Waste Water Treatment Works	-	NEW	competitive and responsive economic infrastructure	Growth		Sanitation Infrastructure	Waste Water Treatment Works	R-WARD 08			13 065	25 000	45 500	40 000	40 000
	Waste Water Management	Capital Infrastructure New Sanitation Infrastructure Outfall Sewers	-	NEW	competitive and responsive economic infrastructure	Growth		Sanitation Infrastructure	Outfall Sewers	R-WARD 14			-	-	-	11 000	11 000
	Waste Water Management	Capital Infrastructure New Sanitation Infrastructure Outfall Sewers	-	NEW	competitive and responsive economic infrastructure	Growth		Sanitation Infrastructure	Outfall Sewers	R-WARD 20			-	-	-	10 000	12 000
	Waste Water Management	Capital Infrastructure New Sanitation Infrastructure Toilet Facilities	-	NEW	competitive and responsive economic infrastructure	Growth		Sanitation Infrastructure	Toilet Facilities	R-WARD 01			-	-	-	6 310	12 000
	Waste Water Management	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			-	30	-	-	-
	Waste Water Management	Capital Infrastructure Existing Renewal Electrical Infrastructure Lv Networks	-	RENEWAL	competitive and responsive economic infrastructure	Inclusion and Access		Electrical Infrastructure	Lv Networks	R-WARD 19			-	10 245	1 200	-	-
	Waste Management	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			5	-	-	-	-
	Waste Management	Capital Infrastructure Existing Renewal Solid Waste Infrastructure Landfill Sites	-	RENEWAL	competitive and responsive economic infrastructure	Inclusion and Access		Solid Waste Infrastructure	Landfill Sites	R-WHOLE OF MUNICIPALITY			1 029	-	-	-	-
	Other	Capital Non-Infrastructure New Furniture And Office Equipment	-	NEW	ient: effective and development-oriented public	Growth		Furniture And Office Equipment	Furniture And Office Equipment	R-WHOLE OF MUNICIPALITY			-	-	-	-	-
Total Capital expenditure													216 725	314 537	281 797	317 703	342 794

## 2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a final stage and will be finalised after approval of the 2018/19 MTREF in May 2010 directly aligned and informed by the 2019/20MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
All financial related policies are reviewed on an annual bases or whenever the need arises and submitted with the budget for adoption by council.
9. Risk Management  
A Risk Committee has been established and is functional

## 2.14 Other supporting documents

**Table 56 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		317 683	296 046	309 254	352 944	352 944	352 944	227 345	383 438	404 564	426 410
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		24 887	–	51 248	32 813	32 813	32 813	71 313	113 438	119 564	126 020
Net Property Rates		292 796	296 046	258 006	320 131	320 131	320 131	156 032	270 000	285 000	300 390
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		460 535	457 447	443 195	472 317	472 317	472 317	311 948	490 128	516 595	544 433
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		10 000	9 658	9 316	14 380	14 380	14 380		15 128	15 945	16 806
less Cost of Free Basis Services (50 kwh per indigent household per month)		450 535	447 788	433 878	457 937	457 937	457 937	311 948	475 000	500 650	527 627
Net Service charges - electricity revenue											
Service charges - water revenue	6										
Total Service charges - water revenue		125 847	148 907	117 364	157 816	157 816	157 816	111 271	164 101	172 890	182 189
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		600	600	600	5 005	5 005	5 005		2 501	2 636	2 778
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		125 247	148 307	116 764	152 811	152 811	152 811	111 271	161 600	170 254	179 411
Net Service charges - water revenue											
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		29 682	41 744	44 770	50 740	50 740	50 740	33 798	53 075	55 940	58 961
less Revenue Foregone (in excess of free sanitation service to indigent households)		20	20	20	1 600	1 600	1 600		800	843	889
less Cost of Free Basis Services (free sanitation service to indigent households)		29 662	41 724	44 750	49 140	49 140	49 140	33 798	52 275	55 097	58 072
Net Service charges - sanitation revenue											
Service charges - refuse revenue	6										
Total refuse removal revenue		31 943	34 069	65 866	54 800	54 800	54 800	36 042	54 800	57 759	60 878
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)		500	500	500	1 800	1 800	1 800		1 800	1 897	2 000
less Cost of Free Basis Services (removed once a week to indigent households)		31 443	33 569	65 366	53 000	53 000	53 000	36 042	53 000	55 862	58 878
Net Service charges - refuse revenue											
Other Revenue by source	1										
Fuel Levy											
Sale Of Goods & Services		12 773	49 854	39 459	7 462	7 462	7 462	2 303	3 396	3 570	3 758
Other Revenue		–	–	–	–	–	–	–	–	–	–
Other Revenue		–	–	–	182	182	182	125	182	192	202
Total 'Other' Revenue		12 773	49 854	39 459	7 644	7 644	7 644	2 427	3 579	3 762	3 960
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		199 455	392 302	250 863	229 698	239 167	239 167	177 247	289 983	309 267	325 967
Pension and UIF Contributions		42 284	–	49 551	50 249	50 249	50 249	38 258	60 151	64 151	67 616
Medical Aid Contributions		22 592	–	26 788	26 977	26 977	26 977	18 968	29 842	31 827	33 545
Overtime		38 205	–	38 829	15 879	15 879	15 879	21 879	17 793	16 378	15 999
Performance Bonus		–	–	17 585	20 031	20 031	20 031	14 388	24 081	25 682	27 069
Motor Vehicle Allowance		19 580	–	25 011	24 691	24 691	24 691	17 029	27 137	28 942	30 505
Cellphone Allowance		283	–	275	367	367	367	239	389	415	437
Housing Allowances		1 675	–	2 091	2 597	2 597	2 597	1 519	2 411	2 572	2 710
Other benefits and allowances		17 282	–	7 630	8 962	9 797	9 797	3 809	5 015	5 349	5 638
Payments in lieu of leave		8 162	–	10 532	11 508	11 508	11 508	8 072	13 197	14 075	14 835
Long service awards		–	–	758	0	0	0	–	–	–	–
Post-retirement benefit obligations		9 326	–	(4 672)	–	–	–	–	–	–	–
sub-total	5	358 844	392 302	425 241	390 960	401 264	401 264	301 409	470 000	498 656	524 321
Less: Employees costs capitalised to PPE		–	–	–	–	–	–	–	–	–	–
Total Employee related costs	1	358 844	392 302	425 241	390 960	401 264	401 264	301 409	470 000	498 656	524 321
Contributions recognised - capital											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		–	458 952	470 943	552 750	552 750	552 750	637	490 000	516 460	544 349
Lease amortisation		–	–	3 393	–	–	–	–	–	–	–
Capital asset impairment		483 686	–	–	–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE		–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	10	483 686	458 952	474 336	552 750	552 750	552 750	637	490 000	516 460	544 349

**Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance  
(Continued)**

<u>Bulk purchases</u>										
Electricity Bulk Purchases		385 712	393 981	397 501	470 000	455 000	455 000	308 681	450 000	499 912
Water Bulk Purchases		86 772	58 895	108 466	80 000	80 000	80 000	75 252	110 000	122 201
Total bulk purchases	1	472 484	452 876	505 968	550 000	535 000	535 000	383 932	560 000	622 113
<u>Transfers and grants</u>										
Cash transfers and grants		-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		22 610	20 879	2 343	4 000	4 051	4 051	4 051	4 500	4 700
Total transfers and grants	1	22 610	20 879	2 343	4 000	4 051	4 051	4 051	4 500	4 700
<u>Contracted services</u>										
Contractors		-	-	-	51 238	42 063	42 063	8 197	42 520	47 236
Outsourced Services		129 644	259 308	161 885	140 250	127 115	127 115	74 357	120 950	127 702
Consultants & Professionals		-	-	27 649	80 400	78 750	78 750	46 012	71 605	79 547
sub-total	1	129 644	259 308	189 535	271 888	247 928	247 928	128 566	235 075	254 485
Allocations to organs of state:										
Electricity										
Water										
Sanitation										
Other										
Total contracted services		129 644	259 308	189 535	271 888	247 928	247 928	128 566	235 075	254 485
<u>Other Expenditure By Type</u>										
Collection costs										
Contributions to 'other' provisions										
Consultant fees										
Audit fees										
General expenses	3	197 585	248 129	482 314	166 355	200 565	200 565	105 077	189 101	210 075
Total 'Other' Expenditure	1	197 585	248 129	482 314	166 355	200 565	200 565	105 077	189 101	210 075
<u>by Expenditure Item</u>										
Employee related costs	8	-	-	-	405	-	-	-	330	367
Other materials		-	-	-	-	-	-	-	-	-
Contracted Services		112 585	122 069	96 561	87 388	91 383	91 383	52 265	84 380	93 739
Other Expenditure		-	-	257	5 000	2 000	2 000	-	3 000	3 333
Total Repairs and Maintenance Expenditure	9	112 585	122 069	96 818	92 793	93 383	93 383	52 265	87 710	97 438



**Table 57 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Description	Ref	Vote 01 - Executive Council	Vote 02 - Municipal Manager	Vote 03 - Chief Operating Officer	Vote 04 - Corporate Support Services	Vote 05 - Budget And Treasury Office	Vote 06 - Infrastructure And Technical Services	Vote 07 - Community Services	Vote 08 - Human Settlement	Vote 09 - Economic Dev, Tourism & Agriculture	Vote 10 - Public Safety, Fleet And Facilities Management	Vote 11 - Internal Audit	Vote 12 - Risk Management	Vote 13 - [Name Of Vote 13]	Vote 14 - [Name Of Vote 14]	Vote 15 - Other	Total
R thousand	1																
<b>Revenue By Source</b>																	
Property rates		-	-	-	-	270 000	-	-	-	-	-	-	-	-	-	-	270 000
Service charges - electricity revenue		-	-	-	-	2 104	472 896	-	-	-	-	-	-	-	-	-	475 000
Service charges - water revenue		-	-	-	-	-	161 600	-	-	-	-	-	-	-	-	-	161 600
Service charges - sanitation revenue		-	-	-	-	-	52 275	-	-	-	-	-	-	-	-	-	52 275
Service charges - refuse revenue		-	-	-	-	-	-	53 000	-	-	-	-	-	-	-	-	53 000
Rental of facilities and equipment		-	-	-	-	-	-	36	1 350	-	-	-	-	-	-	-	1 386
Interest earned - external investments		-	-	-	-	6 732	-	-	-	-	-	-	-	-	-	-	6 732
Interest earned - outstanding debtors		-	-	-	-	39 800	44 526	6 787	-	-	-	-	-	-	-	-	91 112
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	1	-	-	1 000	-	-	-	-	-	1 001
Licences and permits		-	-	-	-	-	-	-	-	127	2 000	-	-	-	-	-	2 127
Agency services		-	-	-	-	-	-	-	-	-	12 000	-	-	-	-	-	12 000
Other revenue		-	-	-	-	786	-	1 316	1 393	-	84	-	-	-	-	-	3 579
Transfers and subsidies		-	-	-	-	697 841	-	-	-	1 403	-	-	-	-	-	-	699 244
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	-	-	-	1 017 263	731 297	61 139	2 743	1 530	15 084	-	-	-	-	-	1 829 055
<b>Expenditure By Type</b>																	
Employee related costs		21 609	1 973	19 003	20 335	63 079	107 393	93 203	25 124	11 181	98 648	8 445	6	-	-	-	470 000
Remuneration of councillors		33 242	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33 242
Debt impairment		-	-	-	-	275 000	-	-	-	-	-	-	-	-	-	-	275 000
Depreciation & asset impairment		95	-	42	421	451 157	31 030	3 735	-	515	3 006	-	-	-	-	-	490 000
Finance charges		-	-	-	-	140 501	-	-	-	-	-	-	-	-	-	-	140 501
Bulk purchases		-	-	-	-	-	560 000	-	-	-	-	-	-	-	-	-	560 000
Other materials		665	60	100	570	816	11 546	1 798	65	77	10 548	65	10	-	-	-	26 320
Contracted services		1 360	2 000	1 750	22 960	54 120	93 785	26 140	2 780	70	28 910	1 200	-	-	-	-	235 075
Transfers and subsidies		-	-	-	4 500	-	-	-	-	-	-	-	-	-	-	-	4 500
Other expenditure		11 730	140	2 610	31 540	33 731	3 490	4 610	248	2 530	98 150	210	110	-	-	-	189 101
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		68 700	4 173	23 505	80 326	1 018 405	807 244	129 487	28 217	14 373	239 262	9 920	126	-	-	-	2 423 738
<b>Surplus/(Deficit)</b>		(68 700)	(4 173)	(23 505)	(80 326)	(1 142)	(75 947)	(68 348)	(25 474)	(12 843)	(224 178)	(9 920)	(126)	-	-	-	(594 683)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							281 797										281 797
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(68 700)	(4 173)	(23 505)	(80 326)	(1 142)	205 850	(68 348)	(25 474)	(12 843)	(224 178)	(9 920)	(126)	-	-	-	(312 886)

**Table 58 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits		53 436	1 031	5 464	50 000	50 000	50 000	39 575	56 994	144 757	277 494
Other current investments		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	53 436	1 031	5 464	50 000	50 000	50 000	39 575	56 994	144 757	277 494
<u>Consumer debtors</u>											
Consumer debtors		196 385	337 257	219 140	430 677	430 677	430 677	1 641 753	669 511	681 000	701 000
Less: Provision for debt impairment		–	–	–	–	–	–	–	–	–	–
Total Consumer debtors	2	196 385	337 257	219 140	430 677	430 677	430 677	1 641 753	669 511	681 000	701 000
<u>Debt impairment provision</u>											
Balance at the beginning of the year		–	–	–	–	–	–	–	–	–	–
Contributions to the provision		–	–	–	–	–	–	–	–	–	–
Bad debts written off		–	–	–	–	–	–	–	–	–	–
Balance at end of year		–	–	–	–	–	–	–	–	–	–
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		6 121 338	5 778 180	5 518 675	6 108 468	6 137 748	6 137 748	5 661 356	5 943 153	6 260 856	6 603 650
Leases recognised as PPE		–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		–	–	–	–	–	–	–	–	–	–
Total Property, plant and equipment (PPE)	2	6 121 338	5 778 180	5 518 675	6 108 468	6 137 748	6 137 748	5 661 356	5 943 153	6 260 856	6 603 650
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		2 956	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	4 470	–	–	–	–	2 013	–	–	–
Total Current liabilities - Borrowing		2 956	4 470	–	–	–	–	2 013	–	–	–
<u>Trade and other payables</u>											
Trade Payables		477 047	631 434	581 716	256 406	256 406	256 406	367 728	470 655	382 742	294 829
Other creditors		–	–	–	–	–	–	–	–	–	–
Unspent conditional transfers		–	327	987	–	–	–	156 073	–	–	–
VAT		–	–	–	–	–	–	1 025 406	–	–	–
Total Trade and other payables	2	477 047	631 760	582 704	256 406	256 406	256 406	1 549 208	470 655	382 742	294 829
<u>Non current liabilities - Borrowing</u>											
Borrowing		873 283	986 965	1 115 456	950 859	950 859	950 859	1 208 102	1 171 342	1 236 937	1 301 258
Finance leases (including PPP asset element)		6 587	–	–	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing	4	879 870	986 965	1 115 456	950 859	950 859	950 859	1 208 102	1 171 342	1 236 937	1 301 258
<u>Provisions - non-current</u>											
Retirement benefits		–	–	–	–	–	–	–	–	–	–
List other major provision items		–	–	–	–	–	–	–	–	–	–
Employee Benefit Obligation		178 078	205 126	291 663	–	–	–	190 000	195 000	200 000	–
Other		–	–	–	123 201	123 201	123 201	50 391	–	–	–
Refuse landfill site rehabilitation		–	–	–	–	–	–	18 000	18 200	18 430	–
Total Provisions - non-current		178 078	205 126	291 663	123 201	123 201	123 201	50 391	208 000	213 200	218 430
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		5 715 803	5 137 616	4 773 101	5 876 052	5 909 555	5 909 555	4 936 486	5 331 357	5 678 952	6 100 341
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		5 715 803	5 137 616	4 773 101	5 876 052	5 909 555	5 909 555	4 936 486	5 331 357	5 678 952	6 100 341
Surplus/(Deficit)		(502 811)	(363 915)	(310 513)	(326 087)	(330 310)	(330 310)	337 134	(312 886)	(217 259)	(116 603)
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	5 212 992	4 773 701	4 462 588	5 549 966	5 579 245	5 579 245	5 273 620	5 018 472	5 461 694	5 983 738
<u>Reserves</u>											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	5 212 992	4 773 701	4 462 588	5 549 966	5 579 245	5 579 245	5 273 620	5 018 472	5 461 694	5 983 738

**Table 59 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		STATSSA	348	359	477	493	493	493	508	524	541	558
Females aged 5 - 14		STATSSA	15	15	20	21	21	21	21	22	23	24
Males aged 5 - 14		STATSSA	15	16	21	21	21	21	22	23	23	24
Females aged 15 - 34		STATSSA	15	16	21	22	22	22	22	23	24	24
Males aged 15 - 34		STATSSA	19	19	26	27	27	27	28	28	29	30
Unemployment		STATSSA	146	150	145	150	150	150	154	159	164	170
<b>Monthly household income (no. of households)</b>	1, 12											
No income		STATSSA	56 308	58 093	77 336	79 787	82 317	84 926	86 624	88 184	89 242	90 224
R1 - R4 800		STATSSA	11 818	12 192	16 231	16 745	17 276	17 824	18 180	18 508	18 730	18 936
R4 801 - R9 600		STATSSA	19 117	19 723	26 256	27 088	27 947	28 833	29 410	29 939	30 298	30 631
R9 601 - R19 600		STATSSA	60 479	62 396	83 064	85 697	88 414	91 217	93 041	94 716	95 852	96 907
R19 601 - R38 200		STATSSA	69 516	71 719	95 476	98 503	101 625	104 947	106 944	108 869	110 175	111 387
R38 201 - R76 400		STATSSA	67 083	69 209	92 135	95 055	98 068	101 177	103 201	105 058	106 319	107 489
R76 401 - R153 800		STATSSA	32 672	33 708	44 874	46 296	47 764	49 278	50 264	51 168	51 782	52 352
R153 801 - R307 600		STATSSA	16 684	17 213	22 914	23 641	24 390	25 163	25 667	26 129	26 442	26 733
R307 601 - R614 400		STATSSA	9 037	9 324	12 412	12 805	13 211	13 630	13 903	14 153	14 323	14 480
R614 001 - R1 228 800		STATSSA	3 128	3 227	4 296	4 433	4 573	4 718	4 812	4 899	4 958	5 012
R1 228 801 - R2 457 600		STATSSA	1 043	1 076	1 432	1 478	1 524	1 573	1 604	1 633	1 653	1 671
> R2 457 601		STATSSA	695	717	955	985	1 016	1 048	1 069	1 089	1 102	1 114
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13											
Insert description	2											
<b>Household demographics (000)</b>												
Number of people in municipal area		STATSSA	347 578	358 596	477 381	493	493	493	508	524	541	558
Number of poor people in municipal area		STATSSA	95 524	100 300	160 724	166	166	166	171	176	182	188
Number of households in municipal area		STATSSA										
Number of poor households in municipal area		STATSSA										
Definition of poor household (R per month)		STATSSA										
<b>Housing statistics</b>												
Formal	3	STATSSA	58 365	61 283	95 149							
Informal		STATSSA	37 159	39 017	65 575							
Total number of households			95 524	100 300	160 724	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)						5.4%	6.4%	5.3%	4.9%	5.2%	5.4%	5.4%
Interest rate - borrowing						N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest rate - investment												
Remuneration increases						7.0%	6.4%	6.2%	7.0%	6.7%	6.7%	6.6%
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>	7											
Property tax/service charges						73.0%	48.6%	92.8%	68.0%	74.7%	76.0%	75.5%
Rental of facilities & equipment						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors						73.0%	48.6%	92.8%	68.0%	74.7%	76.0%	75.5%
Revenue from agency services						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

## 2.15 Municipal manager's quality certificate

I ....., acting municipal manager of Madibeng Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Acting Municipal Manager of Madibeng Local Municipality (NW372)

Signature \_\_\_\_\_

Date \_\_\_\_\_